

Cabinet

Monday 12 February 2018

10.00 am Luttrell Room - County Hall, Taunton



To: The Members of the Cabinet

Cllr D Fothergill (Chairman), Cllr D Hall (Vice-Chair), Cllr A Groskop, Cllr D Huxtable, Cllr C Lawrence, Cllr F Nicholson and Cllr J Woodman

All Somerset County Council Members are invited to attend meetings of the Cabinet and Scrutiny Committees.

Issued By Julian Gale, Strategic Manager - Governance and Risk - 2 February 2018

For further information about the meeting, please contact Michael Bryant or Scott Wooldridge or 01823 357628 swouldridge@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers



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AGENDA

Item Cabinet - 10.00 am Monday 12 February 2018

**** Public Guidance notes contained in agenda annexe ****

1 **Apologies for Absence**

2 **Declarations of Interest**

Details of Cabinet Member interests in District, Town and Parish Councils will be displayed in the meeting room. The Statutory Register of Member's Interests can be inspected via the Community Governance team.

3 **Minutes from the meeting held on 17 January 2018 (Pages 7 - 10)**

Cabinet is asked to confirm the minutes are accurate.

4 **Public Question Time**

The Chairman will allow members of the public to present a petition on any matter within the Cabinet's remit. Questions or statements about any matter on the agenda for this meeting may be taken at the time when each matter is considered.

5 **Development of a Family Support Service for Somerset - Phase 1 (Pages 11 - 122)**

To consider the report.

6 **Family Support Service - Phase 2 Delivery April 2019 onwards (Pages 123 - 144)**

To consider the report.

PLEASE NOTE: Although the main report and Appendices 1 and 2 for this item are not confidential, Appendix 3 available to Members contains exempt information and is therefore marked confidential – not for publication. At any point if Members wish to discuss information within Appendix 3 then the Cabinet will be asked to agree the following resolution to exclude the press and public:

Exclusion of the Press and Public

To consider passing a resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the press and public from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, within the meaning of Schedule 12A to the Local Government Act 1972:

Reason: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

7 **2018/19 Capital Investment Programme (Pages 145 - 156)**

- Item Cabinet - 10.00 am Monday 12 February 2018
- To consider the report and the officer's recommendations.
- 8 **2018/19 - 2021/22 Medium Term Financial Plan** (Pages 157 - 192)
- To consider the report.
- 9 **Treasury Management Strategy 2018/19** (Pages 193 - 274)
- To consider the report.
- 10 **Proposed new secondary provision for Selworthy School on the former St Augustine's School site** (Pages 275 - 280)
- To consider the report.
- 11 **Admission Arrangements for Voluntary Controlled and Community Schools for 2018/19** (Pages 281 - 284)
- To consider the report.
- 12 **Quarter 3 2017/18 Capital budget monitoring report** (Pages 285 - 300)
- To consider the report.
- 13 **Quarter 3 2017/18 Revenue budget monitoring report** (Pages 301 - 320)
- To consider the report.
- 14 **Quarter 3 2017/18 Performance Update** (Pages 321 - 336)
- To consider the report.
- 15 **Retendering for insurance cover for all external policies** (Pages 337 - 344)
- To consider the report.

Possible exclusion of the press and public

PLEASE NOTE: Although the main report for this item not confidential, supporting appendices available to Members contain exempt information and are therefore marked confidential – not for publication. At any point if Members wish to discuss information within this appendix then the Cabinet will be asked to agree the following resolution to exclude the press and public:

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12A to the Local Government Act 1972:

Reason: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

16 **Any other urgent items of business**

The Chairman may raise any items of urgent business.

Agenda Annexe

THE MEETING – GUIDANCE NOTES

1 Inspection of Papers or Statutory Register of Member's Interests

Any person wishing to inspect reports or the background papers for any item on the agenda or inspect the Register of Member's Interests should contact Scott Wooldridge or Mike Bryant on (01823) 359048 or 357628 or email mbryant@somerset.gov.uk

2 Notes of the Meeting

Details of the issues discussed and decisions taken at the meeting will be set out in the Minutes, which the Cabinet will be asked to approve as a correct record at its next meeting. In the meantime, details of the decisions taken can be obtained from Scott Wooldridge or Mike Bryant on (01823) 357628 or 359048 or email mbryant@somerset.gov.uk

3 Public Question Time

At the Chairman's invitation you may ask questions and/or make statements or comments about **any matter on the Cabinet's agenda**. You may also present a petition on any matter within the Cabinet's remit. **The length of public question time will be no more than 30 minutes in total.**

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the agenda for this meeting may be taken at the time when each matter is considered.

If you wish to speak at the meeting or submit a petition then you will need to submit your statement or question in writing to Mike Bryant by 12.00pm on Wednesday prior to the meeting. You can send an email to mbryant@somerset.gov.uk or send post for attention of Mike Bryant, Community Governance, County Hall, Taunton, TA1 4DY.

You must direct your questions and comments through the Chairman. You may not take direct part in the debate.

The Chairman will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chairman may adjourn the meeting to allow views to be expressed more freely.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred because you cannot be present at the meeting.

Remember that the amount of time you speak will be restricted normally to two minutes only.

4 Hearing Aid Loop System

To assist hearing aid users, the Luttrell Room has an infra-red audio transmission system. This works in conjunction with a hearing aid in the T position, but we also need to provide you with a small personal receiver. Please request one from the Committee Administrator and return at the end of the meeting.

5 Emergency Evacuation Procedure

In the event of the fire alarm sounding, members of the public are requested to leave the building via the signposted emergency exit, and proceed to the collection area outside Shire Hall. Officers and Members will be on hand to assist.

6 Cabinet Forward Plan

The latest published version of the Forward Plan is available for public inspection at County Hall or on the County Council web site at:
<http://www.somerset.gov.uk/irj/public/council/futureplans/futureplan?rid=/guid/505e09a3-cd9b-2c10-89a0-b262ef879920>.

Alternatively, copies can be obtained by telephoning (01823) 359048 or 357628.

7 Excluding the Press and Public for part of the meeting

There may occasionally be items on the agenda that cannot be debated in public for legal reasons (such as those involving confidential and exempt information) and these will be highlighted in the Forward Plan. In those circumstances, the public and press will be asked to leave the room while the Cabinet goes into Private Session.

8 Recording of meetings

The Council supports the principles of openness and transparency, it allows filming, recording and taking photographs at its meetings that are open to the public providing it is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone who wishing to film part or all of the proceedings. No filming or recording will take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chairman can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

66 **SOUTH WEST PENINSULA FRAMEWORK CONTRACT FOR INDEPENDENT FOSTERING** - agenda item 6

The Cabinet Member for Children and Families, Cllr Frances Nicholson, introduced the report, noting: the importance of looked after children growing up in a stable environment; the national shortage of foster placements; the importance of having available and appropriate placement options; that residential care is not appropriate for most children; and that foster placements are more cost effective than residential care. Cllr Nicholson further noted that whilst the new framework included a slight increase in cost, it remained more cost effective than residential care.

The Strategic Commissioner – Vulnerable Children and Young People, Louise Palmer, added to the points raised by Cllr Nicholson, noting: work to keep any increased costs to a minimum; the Commissioning Teams past performance and cost reduction; the intention to increase the Council's own fostering capabilities to improve placements for children.

Further points raised in debate included: contract review points and timescales; the importance of ensuring placements are in Somerset wherever possible; the cost of out of county placements; in-house placements; and the importance of ensuring children are given the best possible care.

In response to the points raised in debate Cllr Nicholson noted that the Council was not considering increasing in-house residential homes as this was not the best use of the Council's skills and resources.

The Chair highlighted that there was support for the proposal and both the junior cabinet members and cabinet members were in consensus.

Following consideration of the officer report, appendix and discussion the Cabinet RESOLVED to authorise the Director of Children's Services to enter into the Peninsula Framework for independent fostering for a period of 4 years (48 months) from 1st April 2018.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

67 **CONFIRMATION OF NATIONAL FUNDING FORMULA FOR SCHOOLS AND HIGH NEEDS** – agenda item 7

The Cabinet Member for Children and Families, Cllr Frances Nicholson, introduced the report noting that: the dedicated schools grant is used to fund education in Somerset; this report followed the paper brought to Cabinet on 13 December 2017, confirmed the total funding allocation for Somerset; and that the final allocations to schools would be subject to a Cabinet Member key decision. Cllr Nicholson further welcomed the funding increase, but noted that Somerset was still one of the 40 worst funded Local Authorities; and highlighted that the Council continues to lobby Government for fairer funding.

The Strategic Finance Manager, Finance Strategy, Martin Young, added to the points raised by Cllr Nicholson noting that: grant funding has no impact on the Council's base budget; and that the funding allocations would be considered by Schools Forum later today.

Further points raised in debate included: the importance of continuing to lobby central government; the financial implications if Somerset were funded at the national average level; and the impact on Academy funding. Members further questioned if the other of the 40 lowest funded Councils were rural county councils.

In response to the points raised in debate the Director of Finance and Performance noted that if Somerset were funded at the national average level this would equate to £400 per pupil resulting in an additional £28m of funding. The Strategic Finance Manager, Finance Strategy, further noted that the vast majority of the 40 lowest funded Councils were predominately rural.

The Chair confirmed that there was support for the proposals and that both the junior cabinet members and cabinet members were in consensus.

Following consideration of the officer report and discussion the Cabinet resolved to:

1. Approve the allocation of Dedicated Schools Grant (DSG) for delegation to Somerset Schools and High Needs provision, (including Academies and Free schools)
2. Devolve approval of the final formula allocations at individual school level for 2018/19 (received 19 December 2017) to the Cabinet Member for Children and Families and the Cabinet Member for Resources and Economic Development.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

68 **ANY OTHER URGENT ITEMS OF BUSINESS** – agenda item 7

There was no other business.

(The meeting ended at 10.26am)

CHAIR

DECISION REPORT – CABINET DECISION

12 February 2018

Development of a Family Support Service Phase 1 for Somerset

Cabinet Member(s): Cllr Christine Lawrence (Public Health & Well-Being) and Cllr Frances Nicholson (Children & Families)

Division and Local Member(s): All

Lead Officer: Julian Wooster, Director of Children Services and Trudi Grant, Director of Public Health

Author: Philippa Granthier, Assistant Director Commissioning and Performance, Children Services

Contact Details: Philippa Granthier, pgranthier@somerset.gov.uk

	Seen by:	Name	Date
	County Solicitor and Legal Services	Honor Clarke/Tom Woodhams	22/01/18
	Monitoring Officer	Julian Gale/Scott Wooldridge	17/01/18
	Corporate Finance	Kevin Nacey	17/01/18
	Human Resources	Chris Squire	22/01/18
	Commercial & Business Services / Procurement	Richard Williams	22/01/18
	Property	Claire Lovett	31/01/18
	Senior Manager	Trudi Grant Julian Wooster	17/01/18
	Local Member(s)	All	Members Information sheet – 17/01/18
	Cabinet Member	Christine Lawrence (Health & Well-Being) Frances Nicholson (Children & Families)	17/01/18
	Opposition Spokesperson	Jane Lock (Children and families) Amanda Broom	18/01/18
	Relevant Scrutiny Chairman	Cllr Hazel Prior-Sankey for Scrutiny Adults and Health Cllr Leigh Redman for Scrutiny Children & Families,	19/01/18 29/01/18
Forward Plan Reference:	Plan Ref: EP/17/11/06		
Summary:	This report and its sister paper sets out the approach to developing and implementing 'early help hubs', now renamed Family Support Service, which will include multi-agency services operating in local communities across Somerset.		

In 2016 full council adopted the Somerset Children & Young People's Plan 2016-2019 (CYPP) which included a priority to 'establish early help hubs in local communities offering multi-agency integrated services that identify and support children and families who need additional help and can intervene quickly'.

The CYPP also includes agreed actions to develop proposals for the future use of children's centre buildings in the context of an 'integrated early help offer'.

The development of the Family Support Service aims to:

- Achieve better outcomes for families; engaging hard to reach families and providing services where they need them
- Provide more effective services; reducing duplication and providing more community based support and guidance
- Provide consistent and coherent services for families in order to tackle health and social inequalities
- Protect frontline services by reducing management and business support functions, and overhead costs associated with buildings
- Respond to the end of the government Troubled Families grant in 2020, and the reduction in DoH grant for public health

The Family Support Service will be developed over three phases.

Phase 1 (2018/19) addresses the development of the Family Support Service and the delivery of a co-ordinated and coherent "early help offer" utilising technology and a wide network of local community venues such as families' homes, schools, health centres, village halls and children's centre buildings; this paper addresses the recommendations to deliver this objective.

Phase 2 (2019/20) will address the integration of Public Health Nursing (health visitors and school nurses) with Somerset County Council's (SCC) getset service; this is addressed in the sister paper to this report.

Phase 3 will consider the integration of additional child and adults services to achieve a holistic 'think family' model.

Initial proposals were consulted upon in Autumn 2017 and included the development of an integrated Family Support Service and how the service could be enhanced by using technology, as a source of access to information and advice, as an alternative contact method, (but not replacing face to face contact.) and providing a wide network of places in local communities delivering early childhood services. The service would make use of venues appropriate to the support being offered, such as in families' homes, schools, health centres, village halls and children's centre buildings

	<p>The proposals also looked to remove the “Sure Start Children’s Centre” status or designation from 16 current buildings and develop 8 into Family Centres linked to a wider community network of support to reflect the outreach and enhanced family visiting model and in line with the statutory guidance.</p> <p>This paper considers phase 1 and the best approach to develop the Family Support Service using a variety of methods including targeted outreach and individual support in family homes; universal and targeted group activity in community venues; and online provision of information, advice and signposting.</p> <p>The responses to the consultation will help with the detail of the new service. SCC believes that the proposals consulted on remain the best way to improve access, integrate support and get more from the resources available, whilst meeting the demand for childcare and nursery places.</p> <p>It is clear from the responses that there continues to be a misconception that changing the designation status would mean a reduction in service or that families would have to travel to one of the 8 Family Centres. A reduction in designated locations would not mean any reduction in the services available. Services are already delivered in family homes and in over 150 community venues across Somerset. This will continue and we would hope families would access support locally rather than needing to travel to a Family Centre.</p> <p>This paper presents the consultation responses, the Family Support Service offer and final proposals for children’s centre locations to inform the decision making regarding phase 1 of the development of the Family Support Services during 2018/19.</p>
<p>Recommendations:</p>	<p>That the Cabinet:</p> <ol style="list-style-type: none"> 1. Considers the consultation report and the council response as outlined in appendices 1 and 2 2. Agrees to proceed with the original proposals and to implement Phase 1 of the proposed integrated Family Support Service (subject to capital funding being allocated by Full Council in February 2018) and specifically : <ul style="list-style-type: none"> • Considers the Family Support Service offer providing support and services across Somerset as detailed in appendix 3, noting that the service offer is regularly reviewed and responds to the needs of the local community. • Approves the revenue funding proposals to deliver the Family Support Service, including the Children’s Centres that retain their Sure Start designation as outlined in section 1.5.3 and appendix 4.

	<ul style="list-style-type: none"> • Approves the development of plans for future consideration by Cabinet regarding Minehead, Wellington, Chard and Yeovil as outlined in appendix 4. • Approves the changed status of the following buildings by de-designating the following buildings as Sure Start Children’s Centres, and the proposed management changes noting that they continue to provide early childhood services as shown in section 1.5.4 below and appendix 4: <ul style="list-style-type: none"> ▪ Victoria Park, Bridgwater ▪ Hamp, Bridgwater ▪ Brock House, Norton Fitzwarren ▪ The Hollies, Taunton ▪ Wellington ▪ Bishop's Lydeard ▪ Alcombe, Minehead ▪ Little Vikings, Watchet ▪ Birchfield, Yeovil ▪ Oaklands, Yeovil ▪ Chard ▪ Little Marsh, Ilchester ▪ Balsam Centre, Wincanton ▪ The Bridge Centre, Frome ▪ The Link Centre, Coleford ▪ The House, Shepton Mallet • Agrees to delegate any further decisions regarding the operational implementation of the proposals in this report to the Director of Children’s Services and Director of Public Health, with support from the Commercial and Business Services Director. • Requests that the Director of Children’s Services and the Director of Public Health report back to Cabinet to seek approval for Phase 3 of the proposals.
<p>Reasons for Recommendations:</p>	<p>The development of the Family Support Service is a significant change in Somerset and it is critically important that partners, stakeholders, service users and the public are involved. The public consultation on initial proposals garnered nearly 850 responses and the recommendations in this report reflect the feedback received. The feedback will be further used to shape the development of the Family Support Service through Phase 2 and beyond.</p> <p>Feedback from the consultation demonstrated significant support for an integrated Family Support Service that concentrates on areas where help is most needed, improves families’ access to support and brings together the help currently available through children’s centres, early help and health teams. Feedback also supports efforts to improve the availability of easily-accessible online information, signposting and support.</p>

	<p>Overall the outcomes for children in areas of deprivation in Somerset are significantly below outcomes for children living in the county's more affluent areas. The development of the Family Support Service particularly in areas of need will improve the focus on meeting this need in a more flexible way.</p> <p>Statistical indicators show that the areas with highest deprivation measured using the IDACI are generally also the areas where outcomes for children are worst. These areas often have the highest population density of children..</p> <p>SCC must ensure the most efficient use of taxpayers' money in delivering positive outcomes for Somerset's children. Rationalisation of SCC buildings and development of new management and financial arrangements with partners will improve the utilisation of buildings and ensure they are more effectively used to support a range of frontline services and community initiatives. Eleven of the 16 buildings will provide at least 150 additional childcare places thereby helping SCC to meet its statutory sufficiency duty for early years.</p> <p>Family support services provided by SCC must be as effective as possible, and targeted at those most in need of support, whilst also ensuring wider community support for families is available.</p> <p>Reductions in government grants require efficiencies to be made by reducing expenditure on overheads, management and business support and operating costs associated with buildings to ensure frontline family support delivery is protected as far as possible.</p>
<p>Links to Priorities and Impact on Service Plans:</p>	<p>The development of the Family Support Service approach supports the following plans:</p> <p>Health & Well-Being (HWB) strategy; the service will contribute to the shared vision that</p> <p><i>'People live healthy and independent lives, supported by thriving and connected communities with timely and easy access to high-quality and efficient public services when they need them.'</i></p> <p>Children and Young People's Plan 2016-2019, specifically Programme 2 'improving the health and well-being of children and young people' and Programme 5 'providing help early and effectively':</p> <p><i>'To establish early help hubs in local communities offering multi-agency integrated services that identify and support children and families who need additional help and can intervene quickly and effectively.'</i></p> <p>Somerset's County Plan - part of the vision being to reduce inequalities wherever we can and empower people to take</p>

	<p>responsibility for their own health and well-being.</p> <p>Public Health Nursing (PHN) services are based on the principle of proportionate universalism – so the service is provided to all, with more resource being targeted to those in greater need. This approach with its focus on equity aims to tackle inequality in health and social outcomes.</p> <p>Plans to rationalise the children’s centre estate are in line with SCC’s refreshed approach to asset rationalisation approved in November 2017. The Family Support Service will benefit from, and make use of where appropriate, new delivery opportunities enabled by the One Public Estate programme and other initiatives associated with SCC asset management plan.</p>
<p>Consultations and co-production undertaken:</p>	<p>The Children and Young People’s Plan 2016-2019 was fully consulted on in its development, final agreement and approval. The plan clearly sets out the agreement to develop integrated early help hubs now known as the Family Support Services and to consider the future use of children’s centre buildings.</p> <p>In 2013/14 there was a public consultation on the use of Somerset’s children’s centres. Decisions taken in November 2013, April 2014 and August 2014 concerned the de-designation of a number of children’s centres and the development of alternative management arrangements for some.</p> <p>The vision and approach for the Family Support Service has been discussed with a wide range of stakeholders. Initial proposals were developed with the support of staff and partner organisations. Consultation and engagement will continue to ensure the effective implementation of Phase 1 and Phase 2.</p> <p>A full stakeholder and public consultation into the development of the Family Support Service was held over 10 weeks between September and December 2017. The consultation exercise was independently facilitated and undertaken according to SCC guidance with support from SCC’s Communication’s Team. See Section 1.5.1 below and Appendices 1 and 2 for more details, the full report and SCC’s response.</p> <p>Consultation and briefings with elected members, chairs of scrutiny, and opposition spokespersons were also undertaken as part of this activity.</p> <p>Through the implementation of proposed changes in Phase 1 the specific details of the aligned and increasingly integrated service offer in each area will be developed through co-production at a community level, actively engaging with children, parents and families, and wider stakeholders including the voluntary and community sector.</p>

<p>Financial Implications:</p>	<p>The CYPP is costed and shows the budgets for early help and children’s centres (getset) as £4.29m annually. Currently 30% of this funds overheads, building and management costs.</p> <p>The planned integration of getset, health visiting and school nursing teams will reduce duplication of staff activity with families through more effective planning and skill mixed teams. It will also reduce overall costs through sharing premises, management, administration and other overheads. Further efficiencies will be delivered through future phases of integration and by greater use of digital technology to support a more agile, flexible workforce.</p> <p>The Troubled Families Programme provides a core and payment-by-results grant from Department of Communities and Local Government which is due to end in 2020. This income currently (in 2017/18) funds 22% of the getset service.</p> <p>To support the effective implementation of Phase 1, alterations and improvements are required in some buildings; the Corporate Property Group (CPG) has estimated £280,000 approx. would be required. It is anticipated that the majority of the cost can be funded via existing property programmes and if necessary a capital bid will be prepared.</p> <p>Of the 16 buildings CPG is proposing alternative arrangements for, 12 of these are owned by SCC and 11 will be transferred into the ownership of a third party, such as a school or nursery to create additional early years places. Whilst not creating a capital receipt from a commercial disposal, additional early years places are created helping SCC to meet its sufficiency duty which also means less call on capital financing for new buildings for childcare or school places.</p>
<p>Legal Implications:</p>	<p>The Family Support Service will support the Children Act 2004 which requires partners to co-operate to improve the well-being of children in the county, as well as discharging the Council’s functions regarding safeguarding and promoting the welfare of children.</p> <p>Legislation about children’s centres is contained in the Childcare Act 2006 supported by statutory guidance updated in 2013. Children’s centres were inspected under a dedicated Ofsted inspection framework and while the framework still exists, its use has ceased. Somerset’s last children’s centre inspections were during 2014. The government indicated it would consult on and update the children’s centre guidance for the past 2 years but this activity has yet to commence. Early help arrangements which encompass the work provided in children’s centres is legislated in Working Together guidance and included in Ofsted’s Inspection Framework of Children’s Services.</p>

	<p>Buildings constructed or brought into service as children’s centres with grants under the Sure Start programme are subject to capital claw back if they are not used for the provision of early childhood services. SCC Legal Services has provided advice on the risk of claw back, and we have sought advice from other local authorities on the service offer being provided. The Department for Education (DfE) does not provide clear advice about the likelihood of claw back but has stated that it is aware of the sector’s efforts to reduce the cost base.</p> <p>There are legal implications in any new or change to existing property arrangement. These will be considered in relation to cost and deliverability of detailed proposals outlined in appendix 4</p>
<p>HR Implications:</p>	<p>There are no immediate and significant HR implications in Phase 1. The main change is likely to be for getset staff where bases for staff accommodation and for claiming travel expenses may change. Advice from HR and engagement with associated trade unions has been sought throughout the process and will continue as we work up further details on how this will affect individuals.</p> <p>As the final service model is identified and progress toward Phase 2 continues, Public Health and getset will require HR support for the formal staff engagement process and to consult with those affected staff and associated trade unions. This is detailed in the accompanying report to this paper.</p> <p>All HR activity will be compliant with relevant policy and guidance and will be supported by SCC’s HR Advisory Service.</p>
<p>Risk Implications:</p>	<p>Any delay in a decision on the future of SCC’s children’s centres could impact on the Family Support Service development and have a knock-on effect on the delivery of Phase 2. There are budget reduction and external contract dependencies associated with Phase 2.</p> <p>The development of an integrated family support service model will consider how the service should be delivered with due regard to areas of deprivation, rurality and accessibility by some of Somerset’s most vulnerable families.</p> <p>According to the children’s centre statutory guidance, local authorities must ensure there is consultation before:</p> <ul style="list-style-type: none"> • Opening a new children’s centre • Making a significant change to the range and nature of services provided through the children’s centre • Closing a children’s centre; or reducing services provided to such an extent that it no longer meets the statutory definition of a Sure Start children’s centre

	<ul style="list-style-type: none"> • The consultation should explain how the local authority will continue to meet the needs of families with children under five as part of any reorganisation of services. The recent public consultation was planned and facilitated in order to meet this requirement. Details of the early childhood service offer available across Somerset is included at appendix 3. <p>There is a risk of the DfE Sure Start grant being clawed back if the use of the building and the impact on families has not been adequately considered. DfE have activated clawback recently in other LAs. The likeliness of this happening in Somerset has been reduced as all de-designated children’s centres will continue to be used for some kind of early childhood services, such as additional nursery places, or classroom space.</p> <p>Any significant service change will impact on the workforce and while some will welcome this, others may not. There is the potential for reduced morale and productivity and increased staff turnover, which may jeopardise the service’s ability to maintain the quality and consistency of provision. The situation will be carefully monitored through operational management, and support from HR and other specialist services will be engaged where necessary.</p>						
	<table border="1"> <tr> <td>Likelihood</td> <td>4</td> <td>Impact</td> <td>3</td> <td>Risk Score</td> <td>12</td> </tr> </table>	Likelihood	4	Impact	3	Risk Score	12
Likelihood	4	Impact	3	Risk Score	12		
<p>Other Implications (including due regard implications):</p>	<p>Equalities Implications</p> <p>The Family Support Service model will ensure that children and families receive effective joined-up support starting with a universal health and care offer that is available to all, through to more targeted and specialist support for those that need it.</p> <p>The increased focus on front line delivery in areas of highest need will ensure more of Somerset’s most vulnerable families are supported to achieve outcomes comparable with their peers.</p> <p>A set of high-level equality impact assessments were developed to support the initial proposals. This has been followed up by a process which looks at the detailed proposals area-by-area, and considers if there are any impacts on children, young people, families, staff and communities, and then identifies appropriate mitigation activity where appropriate. Should there be a change to location of service delivery the following considerations will be taken and considered as part of the decision making process for that move.</p> <ul style="list-style-type: none"> • Reason for change • Distance between locations/venues, including how people get there • Accessibility of new location/venue <p>Work to finalise the service specification for the Family Support Service will continue and as part of this work an EIA will be produced to identify impacts of the changes and show due</p>						

	<p>regard for any planned changes to the service.</p> <p>The SCC Equalities Officer has advised and supported the process to develop the model and proposals included in this report.</p>
<p>Scrutiny comments / recommendation (if any):</p>	<p>The CYPP vision and priorities have been reported to and discussed at Scrutiny regularly.</p> <p>Initial proposals for the Family Support Service were discussed with taken to Scrutiny on 28th July 2017, and the committee's feedback helped shape the public consultation exercise.</p> <p>The consultation findings and final proposal for the Family Support Service development were reported to Scrutiny in January 2018.</p> <p>The report and appendices were discussed in detail at Scrutiny and any questions were answered.</p> <p>In response to a question around the availability of early childhood support and services, it was confirmed that this decision does not reduce the number of services available.</p> <p>Commitment was sought that in Minehead, Wellington, Yeovil and Chard engagement with local communities would take place to help to define future enhanced service offers.</p> <p>Clarification was sought and provided that technology developments within the service offer would be designed to provide access, information and advice as well as alternative methods of contact as an addition to face to face contact.</p> <p>As changes are progressed the Committee felt that clear and concise information would need to be shared with all staff and service users.</p>

1. Background

1.1. National Context - the future of Children Centres

Recent national publications have advocated a move to 'family hubs', and many local authorities have been refining their early help and children's centre offer to one that is integrated, co-ordinated and flexible with a range of partner services involved across children's and adult services. Details of these publications are contained below under Background Papers but key points include:

- Department for Education research published in December 2015 on the traditional building based Children Centre model has shown that after 6 years of the Sure Start programme there is no strong or consistent

evidence about the impact of children's centres, particularly in achieving better outcomes for the most vulnerable and hard to reach families.

- Action for children evaluation work on children's centres advocated for increased integration particularly with early years education and health visiting services.
- The Family Hub model was initially proposed in 2014 by the Centre for Social Justice to provide a more integrated, preventative approach to supporting the country's most vulnerable families; offering *local nerve centres co-ordinating all family-related support including universal services and specialist help...to meet both parents' most pressing needs*.
- An All Party Parliamentary Group on Children's Centres reported in July 2016 giving 12 recommendations which focus on health and development, employment support and childcare, relationship support and supporting families with complex needs. The report advocates family hubs being at the heart of local areas' Health and Wellbeing strategies, delivering services through wider community venues from pre-birth to 105 years.
- The Children's Commissioner published a discussion paper in October 2016 on family hubs. The report advocates "building on the existing infrastructure of children's centres to provide both statutory and voluntary approaches to tackling the root causes of intergenerational poverty, family breakdown and poor outcomes for children".

Key policy reports of recent years, such as the Graham Allen review of Early Intervention, Eileen Munro's reports on child protection, and the Special Educational Need and Disability (SEND) Green Paper (DfE, 2011) have all made the case for a holistic, integrated service for children and young people.

As part of the transformation programme in Somerset, examples of good practice have been, and will continue to be gathered and assessed including the DfE Innovation Programme (which includes examples of integration and the impacts achieved e.g. Family Safeguarding Teams in Hertfordshire, North Yorkshire "No Wrong Door") and the Early Intervention Foundation resources. Reported benefits include improved outcomes for children, reduced costs or improved cost/benefit ratios, and reductions in referrals and re-referrals to children's social care.

Further qualitative studies by the EIF show a range of positive effects reported by professionals involved in integrated services:

Processes

- Increased understanding, trust and co-operation between services
- Better communication and consistent implementation of services
- Less duplication of processes across agencies

Outputs

- More responsive and appropriate services

- Better access to services and increased user involvement
- More cost-effective delivery

Outcomes for children and families

- Improved cognitive and school performance
- Improved general physical health
- Enhanced social behaviour
- Improved parenting and family relations

1.2 National context – current Children’s Centres arrangements

The core purpose of Sure Start children’s centres is to improve outcomes for young children and their families and reduce inequalities between families in greatest need and their peers in:

- child development and school readiness;
- parenting aspirations and parenting skills; and
- child and family health and life chances”.

A Sure Start children’s centre is defined in the Childcare Act 2006 “as a place or a group of places:

- which is managed by or on behalf of the local authority with a view to securing early childhood services in the local authority’s area are made available in an integrated way;
- through which early childhood services are made available (either by providing the services on site, or by providing advice and assistance on gaining access to services elsewhere); and
- at which activities for young children are provided.

It is clear from the statutory definition of a Sure Start children’s centres that they are as much about making appropriate and integrated services available, than about providing premises in particular geographical areas.

Early childhood services are defined as:

- early years provision (early education and childcare);
- social services functions of the local authority relating to young children, parents and prospective parents;
- health services relating to young children, parents and prospective parents;
- training and employment services to assist parents or prospective parents; and
- information and advice services for parents and prospective parents.

1.3 Somerset’s Early Help approach

Somerset’s Early Help Strategy 2016-2019 and Pledge outlines the partnership agreement that early help is everyone’s responsibility.

Early help services are underpinned by the Somerset Safeguarding Children Board “Effective support for children and families guidance” which outlines actions that all organisations should undertake in safeguarding and supporting children.

The use of the Early Help Assessment as part of that guidance ensures partners accurately identify needs, issues and risks in families and the support needs required to address those needs.

An early help advice hub and consultation helpline via Somerset Direct exist to support early help practitioners in this work.

Somerset County Council's getset services were established in 2014 encompassing children's centre services (universal and targeted support for 0-4 year olds) and family support work for families with children aged 0-19 years. The service is countywide and delivered in family homes, community buildings and in children's centre buildings.

The service delivers the national DCLG troubled families programme which aims for key partners for example, councils, health, education, DWP, police, youth offending service etc. to work together to identify and support the most complex and chaotic families that tend to draw on a vast array of services. Historically services have worked in isolation and focused primarily on the member of the family requiring a service i.e. a child or an adult, whereas the programme advocates a key worker approach who co-ordinates appropriate support for the entire family, understanding the impact of parental issues on children and vice versa. The aim is for this "think family" approach to be embedded in the family support services model.

Getset is just one service providing early help for children and families in Somerset.

1.4 The Vision and proposed model for Family Support Services

As agreed in the Children and Young People's Plan, Somerset County Council has a vision to create 'an integrated universal health and targeted early intervention service that provides an holistic response to the needs of children and their families: where needs are met as early as possible by appropriately skilled professionals' now referred to as a Family Support Service.

Model - The proposal is for a locality approach, providing an early help and universal health and well-being integrated team for children and young people aged 0-19 (up to 25 years for children with additional needs). The teams will be made up of a multi-disciplinary core team with links to other members of a wider multiagency team to support children and families in a local area. The service will deliver evidence-based interventions and will be measured on the impact of its outcomes. This will provide support to children and families across all tiers, from universal up to tier 4 child protection.

Phase 2 of this service will include getset services currently delivered by SCC and Public Health Nursing currently commissioned by SCC and delivered by Somerset Partnership. Further phases will include other services for children and families.

The CYPP 2016-2019 articulates the wider multiagency partnership agreement to *'Establish early help hubs in local communities offering multi-agency integrated services that identify and support children and families who need*

additional help and can intervene quickly and effectively.”

A detailed service specification for the new Family Support Service is now under development and will articulate the range of support and activities that will be provided in communities working with other partners like schools, other health services, community groups etc.

1.5 Proposals for future use of Children’s Centre buildings

As part of the development of the Family Support Service there needs to be a greater emphasis on the services supporting children, families and communities and there is no requirement for staff to deliver services from council buildings to achieve this aim in the future. It is envisaged that other community assets will be utilised, and much of the service e.g. home visiting and digital advice and information, does not rely on buildings at all. This supports the statement in the statutory guidance that Children’s Centres are as much about making appropriate and integrated services available as about providing premises in particular geographical areas. This is particularly true for rural areas given access challenges and a need for a more flexible response to reach all communities.

Following review in 2013/14, the getset service currently delivers its services in family homes and from a variety of paid-for community venues including its 24 Sure Start Children’s Centres.

Children’s centre buildings are important community assets so CPG has made every effort to ensure they can be used to their full potential in the communities they are located in. A building by building review has been carried out taking into account how each building is currently used, the needs of families in the local area, previous cabinet decisions on changing management arrangements of some buildings, along with the Council’s statutory requirement to increase the number of good quality early years education places. Alternative SCC need for space in the various locations has also been considered and the cost of securing alternative non-SCC accommodation has been factored into the recommendations.

1.5.1 Consultation process and responses

It is vital that any change is guided by the analysis of relevant data and the views and voices of service users, staff, partners and wider stakeholders.

Initial discussion about the proposed development of what were then described as family hubs began with staff in getset and the public health nursing service in Spring 2017. Staff workshops explored what an integrated service model might look like and what it could achieve. These sessions enabled established good practice (such as the Healthy Child Meetings, young parent’s programmes and health and wellbeing clinics in secondary schools) to be discussed and the principles applied to other aspects of family support.

Staff across both the getset and public health nursing services were positive about the opportunities service integration offered, and actively engaged with the debate.

The vision and approach for the Family Support Service has been discussed with a wide range of stakeholders. Initial proposals were developed with the support of staff and partner organisations. Consultation and engagement will continue to ensure the effective implementation of Phase 1 and Phase 2.

To ensure the voice of service users, partners and key stakeholders is reflected in the final proposal a formal consultation was mandated by a Cabinet Member non-key decision in September 2017. Following production of initial proposals for the new family support service and the development of family centres, this formal consultation was undertaken from 25th September to 1st December 2017.

A range of engagement methods were used for the consultation, including an online questionnaire, drop-in sessions at accessible community venues, focus groups with identified target groups and briefings for staff, SCC members and key partners and stakeholder. The consultation was widely publicised via traditional and digital media, and generated significant public interest.

The consultation report and response to consultation report are provided at appendices 1 and 2. The views of our service users and wider population are reflected in these proposals, as they have experienced how the service is delivered and what has worked well and what could be improved.

The responses to the consultation will help with the detail of the new service. SCC believe that the proposals consulted on remain the best way to improve access, integrate support and get more from the resources available, while meeting the demand for childcare and nurse places.

- There continues to be a clear misconception that changing the status of specific buildings would mean a reduction in service. A reduction in buildings funded and maintained would not mean any reduction in the services available.
- Nearly 300 regular support services and activities are already being delivered in nearly 150 locations across the county, the majority of them do not use children's centre buildings. This would continue and we would look to develop what is on offer in response to the local need. This detail is shown in appendix 3.
- Nurseries that are currently operating from children's centre buildings will continue to operate and in some areas be expanded and enhanced.
- All the universal and targeted support, such as Health Visitor services, will continue in community venues and in people homes.
- The consultation has highlighted areas where further work and planning with partners is required, notably Wellington, Chard, Minehead, Bishop's Lydeard and Yeovil. SCC will be exploring these in more detail and at the community venues that are available in these areas. Appendix 4 provides more detail.
- There was broad support for the key principles of integration, focussing spend on services and the potential for greater use of online information.
- There were concerns raised about the move to eight family centres, and

how this translates into the proposals for each district, relating to a concern about a reduction in service and that families would have to travel to one of these eight centres to receive support.

Once decisions have been made by cabinet, nothing will happen immediately and we will be ensuring that the current services are able to continue uninterrupted, seeking suitable alternative venues where needed.

1.5.2 Response to the consultation and rationale for final proposals

Appendix 2 outlines SCC's response to the consultation report highlighting the most common comments and concerns, and how SCC proposes to address those through implementation of the Family Support Service.

There was a misconception that changing the status of a building would mean a reduction in service, and people were not clear what was available for children for families across Somerset. **Appendix 3 provides the detail of the early childhood services available and the venues where support will be available.** It is important to note that this offer will be under ongoing review, allowing for phased implementation of changes where required plus future developments with local partners and reviewing the offer in line with local needs.

Appendix 4 shows details of the proposals for the current 24 children's centre buildings and how they will continue to provide early childhood services. Eight of these buildings, the phase 1 family centres, will be used to co-locate the family support service staff and deliver services. These buildings are owned by SCC and therefore provide the greatest development and flexibility opportunity to create venues that appeal to older children and young people and for future phases of the integration model.

The consultation process has identified further work required to look at potential sites in Wellington, Chard, Minehead and in Yeovil.

1.5.3 It is proposed that the following eight buildings retain their Sure Start Children's Centre designation for the purposes of Department for Education registration.

- Sydenham, Bridgwater
- Highbridge
- Acorns, Taunton
- Hillside, Taunton
- Williton
- Reckleford, Yeovil
- The Key Centre, Frome
- Library Hub, Glastonbury

1.5.4 The remaining 16 Sure Start Children's Centres will have their designation removed. Appendix 4 shows how these buildings will continue to

be used for the delivery of early childhood services and outlines proposals for management and/or ownership changes.

- Victoria Park, Bridgwater
- Hamp, Bridgwater
- Brock House, Norton Fitzwarren
- The Hollies, Taunton
- Wellington
- Bishop's Lydeard
- Alcombe, Minehead
- Little Vikings, Watchet
- Birchfield, Yeovil
- Oaklands, Yeovil
- Chard
- Little Marsh, Ilchester
- Balsam Centre, Wincanton
- The Bridge Centre, Frome
- The Link Centre, Coleford
- The House, Shepton Mallet

1.5.5 Following the consultation exercise SCC is now exploring the potential for sites also being available in Minehead, Wellington and Chard, plus an additional point in Yeovil town centre. Detailed and costed plans will be developed for further consideration and approval.

- Minehead – The Alcombe Centre is owned by West Somerset Council (WSC) and leased by the County Council. In recognition of the feedback from the public consultation on Somerset Family Support Service and Children's Centres, both Somerset County Council (SCC) and West Somerset Council (WSC) are committed to supporting integrated family support services at the Alcombe Centre. Working with partners we would like to extend early childhood and other community services where appropriate. Proposals are currently being jointly explored and the local community and other stakeholders will be kept informed of developments
- Wellington – SCC will take forward discussions with the town council and other partners as to a future site, whilst utilising existing venues to ensure no disruption in service for families
- Chard – SCC will maintain the current provision within Chard but will work with partners to develop better facilities, potentially through the One Public Estate Programme.
- Yeovil – through the One Public Estate programme, SCC is exploring a hub model in the town which the Family Support Service would form part of.

1.6 The process of achieving change and timeline for delivery

A full implementation plan will be finalised, subject to approval of the recommendations of this report, for delivery of the changes during 2018/19, dependant on legal and property requirements.

Further phases of delivering the full vision of Family Support Services will then

take place from 2019 onwards.

1.7 Governance and reporting arrangements

There is a programme of transformation in place with reporting and governance arrangements through the Somerset Children's Trust (SCT), which is the strategic partnership responsible for delivering and overseeing the CYPP. Specific council decisions are overseen through the Senior Leadership Team and Core Council Board, this programme being one of 5 high priority business cases for the council.

A project board is in place with four work streams to ensure the programme of change moves forward covering systems and processes, resources, workforce and communications. These workstreams include representation from staff groups across the services with specialist technical support from finance, HR, ICT, legal and property services. This will need to be reviewed as we move through this process, including reviewing the membership of the board and workstreams.

Phase 1 and 2 of the programme is primarily focused on the integration of getset services and public health nursing, but will need to consider future proofing of the approach to potentially bring in a much wider range of services in due course to fully achieve the family hub vision.

Background Papers

Sure Start children's centre: guidance for local authorities; HMG, 2013

Early Help – future arrangements for the management and designation of Children's Centres ; SCC decisions in 2014

Evaluation of Children's Centres in England Research report; Department for Education, December 2015

Beyond the Building; Children' centres briefings; Action for Children, 2015

The Future of Children's Centres; All Party Parliamentary Group on Children's

Centres Family Hubs, 2016

Family Hubs: A discussion paper; Children's Commissioner, 2016

Somerset County Council; Key decisions on Early Help – Future arrangements for the management and designation of children's centres – April 2014 and August 2014

Somerset Children and Young People's Plan 2016-2019; SCC, 2016

Somerset Early Help Strategy 2016 – 2019

The cost of late intervention; Early Intervention Foundation, 2016

Early Intervention: The Next Steps (The Allen Review); HMG, 2011

The Munro Review of Child Protection: A child-centred system; HMG, 2011

Support and aspiration: a new approach to special education needs and disability (the SEN green paper); DfE, 2011

Children and Families Act 2014 (SEN reforms); HMG, 2014

Development of a Family Hub approach ; SCC, Cabinet Member decision July 2017

Family Support Services and use of Children's Centre buildings ; SCC, Cabinet Member decision September 2017

Somerset Family Support Service & Children's Centre Consultation; SCC September – December 2017

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**Somerset Family Support Service &
Children's Centres public consultation
December 2017**

Somerset County Council are planning changes to the way that children and families get help and support by creating a new Family Support Service. If they go ahead, the changes would affect:

- **getset services** which include Sure Start **Children's Centres** services. This covers everything from Family Support Workers who help with a range of family situations from dealing with behaviour and family relationships, to support for employment and housing, parenting skills, Stay and Play sessions, childminder drop-ins, young parent groups, working with teenagers – all the support we give to families with children aged up to 19.
- **Health Visiting services** – deliver the Healthy Child Programme, led by Health Visitors who are registered specialist public health nurses, in conjunction with community nurses and support staff. They offer assessment, education and support for all families on aspects of parenting and issues affecting health e.g. child development, nutrition, mental health and common childhood illness.
- **School Nursing services** are delivered by specialist public health nurses, registered nurses and support staff. They support children aged 5-19, usually in the school setting. They run the National Child Measurement Programme, school immunisation programme, secondary school health and well-being clinics and offer health information and advice.
- **services and support will still be available**, but how and where they are accessed could change.

A series of open days, discussion groups and a questionnaire were used to ensure the public have the opportunity to comment and influence the development and delivery of the services that affect them.

Somerset Family Support Service & Children's Centres Consultation



executive summary

The public consultation reflects the views of over a thousand people through a questionnaire, open days, discussion forums, emails and a petition with various comment begun by a member of the public. **dialogue** undertook the open days, forums, analysis of data and produced this report and we would like to thank the many people who contributed so passionately about an issue that is of great importance to the people of Somerset. People we spoke to cared deeply, contributed positively and are looking for change. Officers supported the process and were keen that the consultation should be an honest reflection of people's views. We hope we meet these expectations.

broad support for integrated services

People like the idea of services being more efficient, of only having to register for a service once, and where it is right for their children for organisations to talk to one another. The public and the staff who contributed to the consultation generally see the integration of health visiting, school nursing and getset services positively.

children's centres are so much more than buildings

Many people highly value the services they have received from children's centre staff over the years, giving accounts of changes for their children, from social links through to survival and recovery in quite desperate circumstances with their support. The expectations on children's centres are wide and varied, from housing advice to child development support.

People described the importance of connection with a team and place which gives parents confidence to approach the Council if they are in need. Many people reported a culture of change and an erosion of services in recent years that has left buildings not fully utilised. While some could see a need for consolidation there is a lack of trust in the Council which leads many to think the loss of buildings will ultimately lead to the loss of the services almost entirely. People thought the flexibility and opportunity offered by having space in a building available will be lost.

In general, they did not support the de-designation of children's centres.

needing an alternative

There was criticism in the questionnaire and discussions that few alternative proposals have been made. The consultation in the main describes the reduction in buildings and amalgamation of some settings into early years provision. District councils, staff, parents and members of the public asked for more detail on what this would look like and how in practice the changes will reduce spending. There were ideas for alternatives, such as co-location with the One Team to provide a more holistic service with a shared venue.

local solutions for local services

Throughout the consultation it was clear that each area has its own culture, characteristics, population, geography and community that require decisions made at a very local rather than even a district

level. The particular difficulties in walking with a buggy from one side of Frome to another, the strong sense of community around Victoria Park, the sense of separation between Taunton and Wellington all bring unique challenges and opportunities, with a wide range of voices thinking about how these services might be delivered. There was also willingness from organisations, staff and parents to participate in these local decisions or discussions about venues to ensure they are sustainable, fit for purpose and joined up with other initiatives.

In general people wanted more services, particularly for younger children, and for those services to be accessible by foot (and buggy!) from where they lived, particularly for younger children. They had not understood, or did not believe, the consultation's aspiration of "coordinating the services available in community venues... where we would expect many families to access support rather than travelling to a centre". Many participants cited their experience of services to date, the impact of change, the reduction in budgets and distrust of the Council. As a result, many of the questionnaires highlighted problems such as the sparsity and expense of public transport and the impact of the loss of 'early help' services.

online information, not delivery

A high proportion of parents have internet access and they are keen to learn about services, groups and local events through a coordinated, well-maintained site. Some saw the opportunity for a forum with moderation from the health visiting team to ensure there is good advice readily available in Somerset, but people were not keen to have online consultations or similar. Some parents would like the 'red book' online.

services for everyone

Bringing up children is a hugely challenging while often rewarding task which people need support to achieve. Parents disagreed with the model of 'targeted services for vulnerable families', feeling we all need support and anyone can be vulnerable. Universal engagement, they argue, creates supportive social networks, reducing demand for targeted services while helping the Council identify and further support those who need it.

early pathways

Parents want a clear pathway of social opportunities for their children, with support from pre-birth through to school years. This can't be a 'one size fits all' approach – it needs to work in keeping with each local community. Venues should consider the time taken to walk to a group and have a choice of days and times. When parents feel isolated or need more help, they want people they know and trust to point them in the right direction. They would like to find out what's on from their midwives and health visitor, through well-maintained Facebook pages and written information at places they meet. Groups should be in consistent, warm, safe places with lots of toys and places for children to play and crawl.

Many would be willing to volunteer and support the groups to make them a welcoming, sustainable and positive (with tea or coffee!) and they would also be prepared to pay an affordable amount (around £1) towards each group. They recognise the need for particular groups to have additional support but see parenting itself as a challenging, important task that is best done with a network of support, which the council can help them develop.



methodology

Somerset County Council tendered for an organisation to take responsibility for six open days and ten discussion groups and to analyse the questionnaires returned. The emphasis was on independence to support attendees to fully communicate their views.

dialogue is a safeguarding children company who provide training, audits and consultancy for safeguarding children boards, councils, schools, health authorities and other organisations. The company has a strong value base focused on the rights and needs of children and young people.

John Woodhouse undertook all elements of the consultation. He has a track record in participation work, including as chair of the national body of Children's Rights Officers and Advocates, as well as senior management experience in children's services.

Somerset County Council devised the questionnaire, arranged the open days and discussion groups. These groups submitted their views through the questionnaire process or by speaking directly to dialogue or a member of staff from SCC. The council ran the online consultation, collated the online data and forwarded this unredacted information to **dialogue** to analyse.

The questionnaires were analysed and each main question is considered on the following pages, integrating feedback from open days and discussion groups. In Wellington a community petition was begun and submitted to the consultation with 677 signatures to 'Save Wellington Children's Centre'. 133 comments were received with the petition. In addition, there were 43 emails sent to the Family Support Service email address about the consultation. All responses have been read and incorporated into this report.

participants

Open days were held at the following venues in October and November:

- The Hub, Minehead
- Hillside Children's centre, Taunton
- Victoria Park Community Centre, Bridgwater
- Vicarage Street Methodist Church, Yeovil
- Glastonbury Hub

Following feedback from County Councillors and a local group about the location of the open days an additional open day was arranged:

- The Key Centre and the Library, Frome



The council also responded to a request by a County Councillor to attend an existing meeting where 110 parents and carers were attending to respond to questions about the consultation. **dialogue** was not involved in this session. Public Health and getset staff attended this event and encouraged completion of the online questionnaire and answered questions

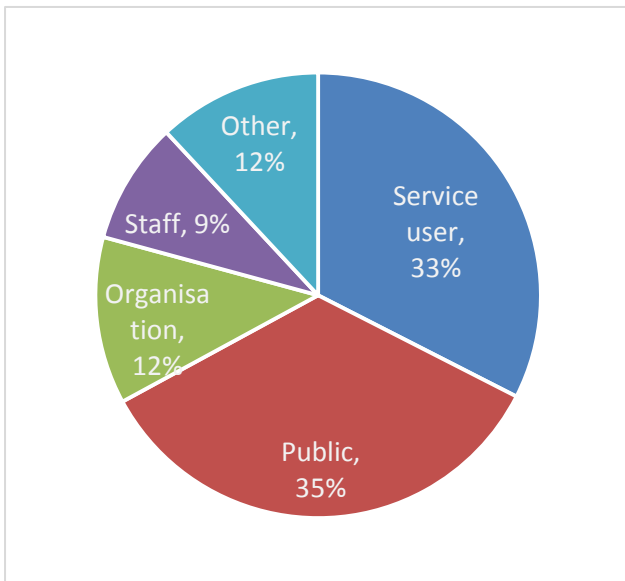
- Wellington Baptist Church

Discussion groups were arranged for existing groups who might have a particular interest in the consultation:

- Young Parents, Victoria Park Community Centre, Bridgwater
- Young Parents, Reckleford Children's Centre
- Chill and Chat, Reckleford Children's Centre
- Baby Oasis Breast Feeding group, Highbridge Children's Centre
- Café Muma (Breastfeeding group), Williton Children's Centre
- Hillside Bumps to Babe, Hillside Children's Centre
- Stay and Play, Watchet Children's Centre
- Young parents/Toddler group, Wellington Children's Centre
- Toddler PEEP, Chard Children's Centre
- Stay and Play, The Library Hub, Glastonbury
- Breast Feeding support group, The Key Children's Centre, Frome

Overall, 346 people contributed to the open days and discussion groups.

488 people completed the questionnaire. 59 of these were group or organisational responses.



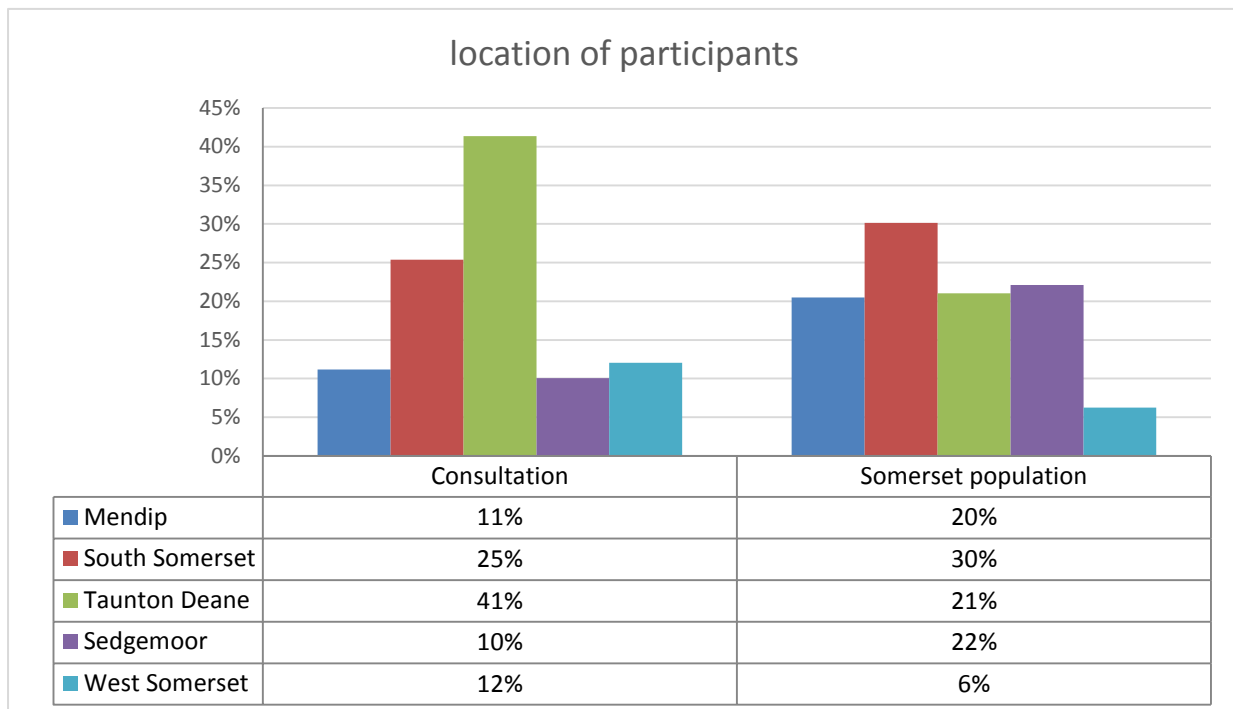
Question 1 asked about their role in respect of the consultation:

Two thirds of the respondents were members of the public, a third (158) being people who identified as someone who uses the family support service.

43 members of staff responded from across getset, health visiting and school nursing. Some of these responded as a group but would only be counted once.

This is a relatively limited response from staff which may reflect other consultation activity underway

Participants from each of the district areas responded. The graph below (on the left) shows where people stated they lived. On the right is a population breakdown from the Somerset 2011 census:



West Somerset and (most particularly) Taunton Deane were over-represented in responses to the questionnaire. There were particularly active campaigns to raise public interest in these areas.

Significantly, although unsurprisingly, more women (88%) responded than men and 70% of respondents were in the 25-49 age bracket. They may well see themselves as more affected by the issues in this consultation. Little disparity was found across age profiles. However, some of the fathers in the discussion groups felt their needs as a group were not being met with a lack of specific groups available to them. They also cited lower rates of access to cars, mobile phones and the internet. Where there are differences these are highlighted in the sections below.

Although the proportion of people with disabilities completing the questionnaire (14%) is lower than the general population, it is similar to the working age figure of 13% which reflects the age skew in the returns.

Half way through the consultation **dialogue** identified limited numbers of black, Asian or other ethnic groups had been enabled to complete the questionnaire and that some parents spoken to on open days collecting children from nurseries had been put off by the language barriers. Ethnic diversity is too statistically small to report on without becoming identifiable, but is well under the Somerset 5.36% figure.

Progress was made in encouraging participation of families whose first language is not English through an approach to Diversity Voice who circulated and translated 38 questionnaires (Polish (22), Romanian and Hungarian speaking parents) towards the end of the consultation period. It is

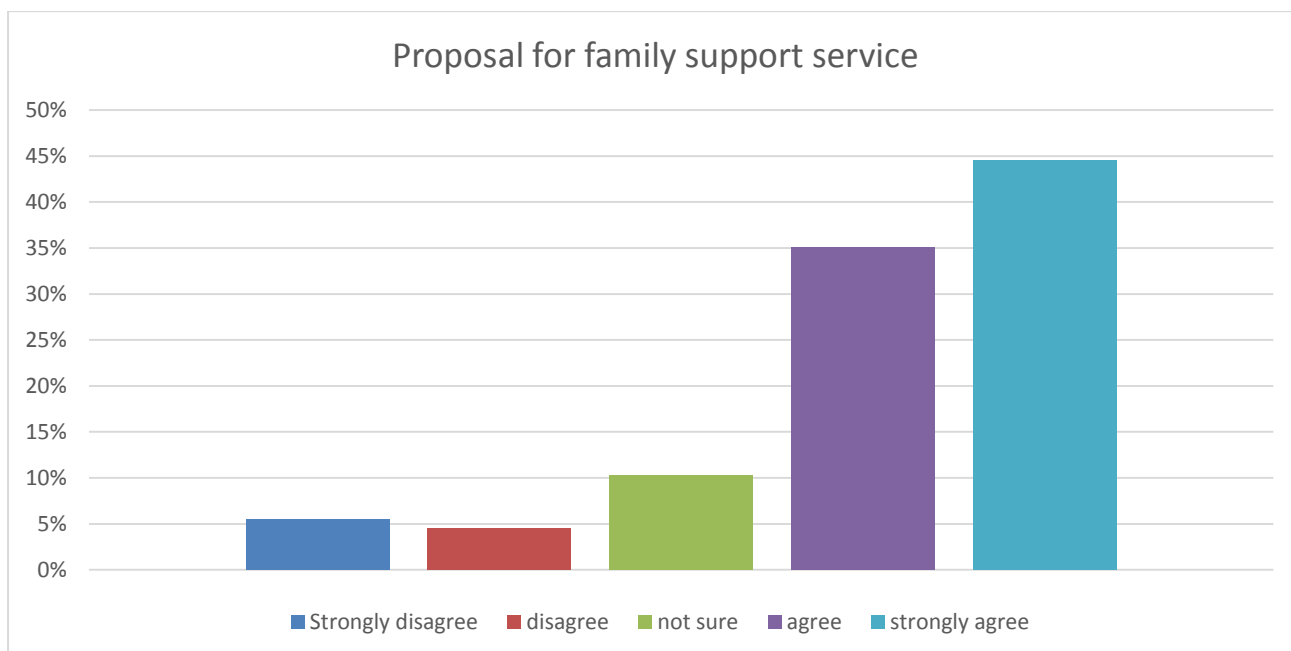
recognised that Somerset also has a large resident Portuguese community, who would identify as 'white'. In many cases this community has been resident in the UK for longer and so possibly have less language barriers. It is impossible to ascertain from the responses if we have received responses from people who do not have English as a first language.



Where participants had children, they noted how many children they had. There was much greater representation of infants, early years and primary age children. Young people's voice was under-represented in this survey. Small group consultations took place with particular groups, such as youth clubs and the children in care council, and submitted an 'organisation' response to the questionnaire.

the family support service

Question 2 asked “We propose developing a Family Support Service for children aged 0-19 years. This would include what we currently deliver in Children’s Centres, family support services, Health Visitors and School Nursing Services. We would look to develop greater links with other services that families need and build stronger links with communities.” **To what extent do you agree or disagree with this approach?**



There was strong support in favour of merging these services. 80% of 487 respondents answering this question agreed or strongly agreed with this statement.

Those who agreed commented they felt this was already supposed to be in place through existing arrangements, but that any holistic approach would be helpful. They felt there were “gaps in services currently around the time and capacity to develop and maintain ... networks” and that “families need long term stable people they can rely on to give consistent support and advice...”.

Respondents saw an opportunity to work closer with their communities, and encouraged the Council to be more ambitious in developing links across services:

It can be very confusing for new mums with different services in different places and not sure who is responsible for what. Bringing it all together will make it easier for people to understand and engage with.

Member of public

We strongly agree with the approach to integrate services to develop better outcomes for families and build stronger links with the communities but are concerned that in only integrating the services identified above there will be missed opportunities. While we appreciate that the view may be that it is safer to take one step at a time the lack of a clear longer term plan as regards development of links with services provided by other agencies gives concern. Surely this is one step in delivering a longer term aspiration?

Mendip district council

167 attend [our nursery], 70+ on funded placements and 29 staff members. We know the families and are well-placed to support them there and then - especially if they are having a bad day.

Nursery owner

I saw a thing elsewhere in the country where they were using space at an older people's home for a toddler/early primary group one morning and they take their toys and interact with the older people so that they got the chance to interact with older people and the old people got time with the little ones and their toys. We could join up with the Hub (on Eastland Road, Yeovil) for example who work with 19-30 year olds with disabilities.

Staff member

There were suggestions that targeting could be further improved from use of wards with high levels of deprivation by linking with the Troubled Families database, the postcodes of Early Help Assessments already completed and utilising local knowledge and demand.

It was recognised integrating services requires a strong skills set in the professional group and merging services would not be without its challenges:

Multi agency working is the way forward and I feel this is best for the families to know that professionals work and communicate together. For this to work on a professional basis, professionals have to respect for each other and understand the limits of each others' services. All staff are accountable for their own decisions and there needs to be no hierarchy amongst professionals when working to safeguard children.

Staff member

There were a small number of comments about the data sharing implications of an integrated service. Some parents thought there would be benefits in information being shared with one service being visible to others (the example given being a health visitor's observation being shared with a GP). Another participant in a group supporting adults at

risk of domestic abuse could see the benefits but was clear sharing information should be an informed choice parents make.

My experience is having to share information with team after team after team, so for some people this will be good, but only if the individual wants to share - there should be the option only to share with one person, for example. the health visitor

Domestic abuse survivor

There was a sense from many participants, agreeing or disagreeing, that while the principle of better working links was sound this is not how it would develop in practice. Many people, agreeing and disagreeing, believed the existing children's centres could more effectively support such work or that there was a need for a central location where people knew they could go to access services. They want more of this, not less:

I would think that if they put the groups on people would go to them. If people knew about them they would go. The groups I go to are usually quite full. This is quite a rural area. All the friends I met here I still see.

parent

Many participants felt current services had declined in recent years, feeling that health visitors in particular were stretched and no longer providing a universal service, with a small number of parents commenting they had never seen a health visitor. Others were hugely positive:

I had twins and another under 2, so it was all a little bit ... hectic. The health visitors were brilliant, with twins they really look after you and they came to visit me in my own home...

HomeStart came and spent just a couple of hours a week in the house at "grinching time" which made such a difference - not having to ask family for help at a time when I was already asking family for a lot

parent

Some staff commented high demands, combined with blurring of roles and a lack of respect for health visitors' assessments, meant the skills base of some staff who deliver "face to face client care" is insufficient in relation to the complexity of working with a survivor of domestic abuse, and were concerned this could leave children at risk. Two participants highlighted current complex referral mechanisms and a lack of clarity on where to turn

which hindered people's access to services, especially people who struggle with engaging or communicating.

It was clear that people valued the services they had received, which in some cases had been nothing short of life changing, and are looking for some assurance that these services will continue and be improved:



I'm a success story of a children's centre. I started going when my daughter was six months old. I had postnatal depression and found it very difficult in Minehead to access services - I didn't get on with the services. Instead I accessed a permaculture course which is about systems thinking which helped me think about working my way in the world and paying back into the system.

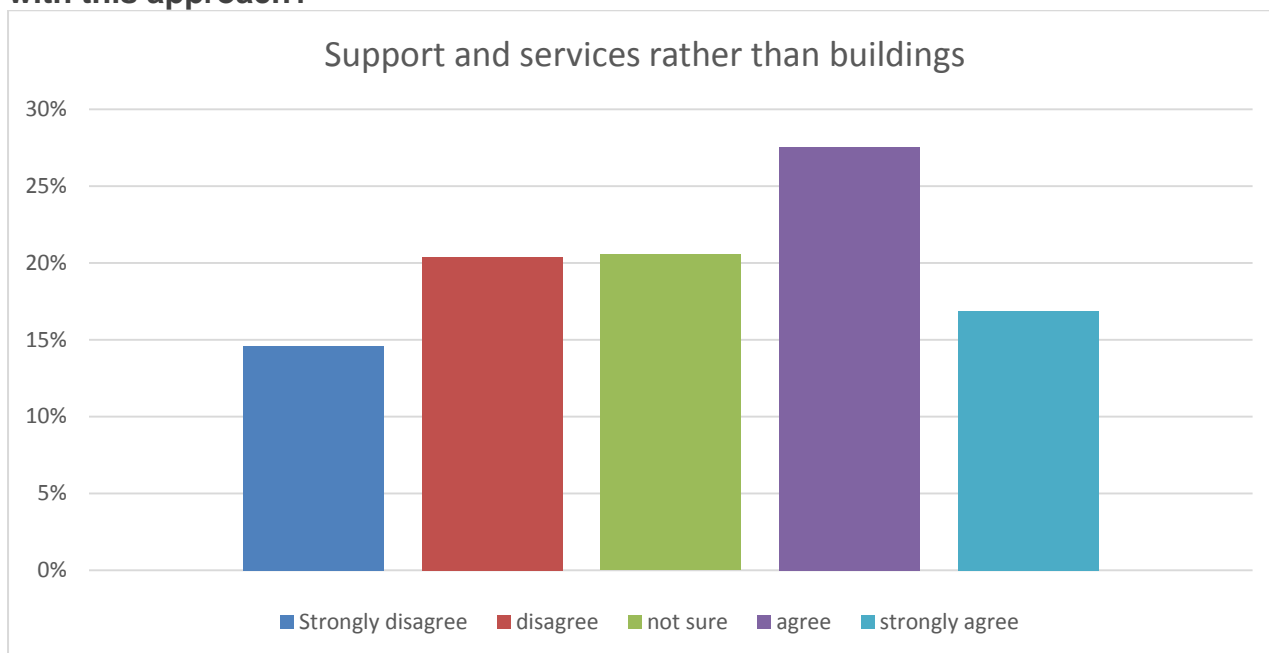
Moving [house] was the best move I ever made. [The getset manager] worked so hard at building up the children's centre and support services. She encouraged me to volunteer in schools which led to a Level 2 course. I then ended up as a Learning Support Assistant in a school. The children's centre gave me a funded Early Years place which enabled me to go to work at the school - now I'm level 3 qualified and have a permanent position.

Having all that support in place meant I have grown in confidence and been able to cope without medication and high levels of support with my second child.

parent

buildings or support and services

Question 3 asked “The Council has to make significant savings and wants to invest in support and services rather than buildings.” **To what extent do you agree or disagree with this approach?**



On the surface, participants' views were more split here – of the 486 responses to this question 44% agreed or strongly agreed while 35% disagreed or strongly disagreed (rising to 40% of service users). Men were less certain of this approach than women (30% not sure, women 20%) or disagreed (38%). Some participants complained this was “a bit of a leading question... nobody would disagree with making the best use of resources”, and the comments show similar reasons for both agreeing and disagreeing with the statement. There is a commonality around the importance of having somewhere consistent, local and fit for purpose. Many participants felt they needed more information on which to base their decision as the alternative to the current buildings was not described in the consultation.

Agree but people need somewhere to go, to congregate, to have groups, to interact with others who are perhaps in similar situations, even just that can be so powerful, knowing "you're not the only one" is so so important

service user

It's important that community venues are appropriate including providing a safe, welcoming, confidential space that is suitable for all ages.

A voluntary & community service organisation

We agree that investment in support and services is better than just buildings but would note that sometimes the buildings are important as a recognised place of safety/support for people in crisis, or feeling vulnerable, so would hope that thought will be given to ensuring that these 'lighthouses' are still obvious. Linking to our earlier comments we believe that, if other agencies and services were looked at as part of this review, there would be opportunities to use other organisations buildings to create this.

Health Visitor team

The perception of buildings as “focal points for services and the community generally” ran through the responses, linking to the opportunities suggested in question 2 about links with other services:

Buildings that can be used by various agencies and groups work well and share the costs of provision. Buildings that can provide an income from lettings etc to other groups in the community are to be encouraged. Do you have a marketing strategy for the buildings that you do intend to use? Will there be any income generated from de registering existing Centres and the use of these buildings by other groups?

Member of public

The importance of the groups in getting people out of their homes to a group setting was mentioned by many parents, particularly those with young children:

Having to go to something like weigh in forces you into a social situation - it's the first thing to get you out the house. Without that groups can be daunting. If they just came to your house you wouldn't get that.

parent

Coming to groups like this is an absolute lifeline if you're new to an area, particularly if you're suffering with anxiety or depression. Doesn't matter where it is as long as it happens local and if it's not too far, for example the community centre in Watchet.

parent

Participants at the open days and discussion groups felt there were opportunities for buildings to be really owned and used by the community. One commented that an evening group she had wanted to initiate about ‘positive birthing stories’ to support pregnant mothers had not been offered space due to staff availability in evenings. Three parents suggested renting out the children’s centres for children’s parties would really draw people in who could might learn about other services on offer as well as providing some income.

The Hollies has such an amazing room with a nice kitchen and so on - why don't you rent it out for parties and so on as village halls are a bit soul-less for children's parties and it's got all the facilities you need. That would also then ensure people are aware of the things on offer there.

parent

Victoria Park Community Centre already hosts many groups for children and managers were keen for children’s services to have more involvement in the strategic direction of the centre.

One of the biggest blocks to self initiated community support is finding appropriate venues at sustainable prices. Using rooms in children's centres have been vital for support groups setting themselves up. To move children's services out into local community buildings will be good for service users of that service, but make it more challenging for local support groups trying to run themselves, reducing community resilience and increasing the need for statutory services.

member of public

The importance of having consistent venues, communicating this effectively to the public and these venues being accessible and fit for purpose was stressed by many involved in the consultation. In some areas, for example Frome and Wellington, participants could not think of suitable alternative premises. In others the alternative was already well established (such as Victoria Park Community Centre).

Participants at the open days and groups spoke of a context of change, including changes of times, days and venues when groups were run. This led to fragmentation of the groups attending so attendance dropped. The low attendance then meant the group was discontinued.

Many people spoke of an erosion of services, particularly if they had previously used services with other children, stating there used to be many more groups:

There are a lot fewer things to do than there were three years ago

parent

My experience as a parent approaching the children's centre has been a big change over seven years from one child to the next. The offer of being able to go somewhere when I was having a 'bit of a day' has gone, replaced by targets and filling in forms. The range of services appropriate for me boiled down to one a week, on a day that I was working, so I couldn't access anything. When I wanted to go to a parenting course they were running - parenting young children – it was being run 5-7pm which was the worse time of day possible for a parent of young children. There's only five workers for the whole of south Somerset which really limits what they can offer

parent & volunteer



I feel that everything is dwindling. Everything keeps changing and the number of changes is stopping parents from coming. This group for example is moving to a Tuesday which will mean I will not be coming anymore and neither will two other families. It also clashes with another group that is running in the swimming pool. This group used to finish at 3:30 which made it easy to pickup children but the times changed so that I can't get the other children. It's not looking at a parent's perspective of the changes. It just goes ahead and changes and then they wonder why people aren't coming. They then record people aren't coming and the groups are lost. If they do move it to the community centre they need to bear in mind the people who will have to travel back to school or they are going to lose them

parent

There is limited trust in the Council's commitment to invest in support and services, and there was a high level of concern that the proposals will lead to reduction in buildings, support and services. Having a building was seen as a literally concrete reassurance of the Council's commitment to delivering services:

It feels like the start of a slippery slope. While they had the buildings they had somewhere they had to run the groups. If the groups dwindle a little bit then there isn't the pressure... There used to be something most days of the week. Nowadays there is not so much. The length of the group has shortened and there used to be a snack time which we don't have any more. Services are being reduced.

parent

Without a base the service will wither, it's staff disconnected from each other and from the community they serve. It's a terrible idea.

member of public

Other participants were less worried about the building, instead considering the practicalities of running services away from centres:

Buildings are not essential to run effective services but families and staff do have to have sufficient resources and accommodation to deliver services from. Surestart funding has provided such buildings and these should be used within reason for the purposes intended. Going back to using some drafty church hall to deliver groups etc shows the value SCC puts on users and staff.

previous staff member

This will only work if there is a budget for use of buildings when needed i.e group work, 1 to 1 work with clients and TAC meetings. Also storage for resources and equipment needed for activities and CY people and families.

service user

Some wondered about the costs and loss involved and whether this would achieve the savings promised:

The three family centres were purpose built within the last 10 years at enormous cost. Are they being re-purposed? Were they designed with change in mind?

member of public

I'm unsure how savings can be made by renting other premises, which may not have the resources (e.g. toys and craft materials) on site, so additional transportation and additional travelling for staff.

service user

The venues would need to be accessible and fit for purpose – there is more feedback on this in the section on where people would like to see services delivered, [below](#).

The importance of this decision was stressed by several participants. There were offers by parents to help in the selection of venues and a request that the staff involved in the delivery of the groups should also have a significant voice in the selection of the venues.

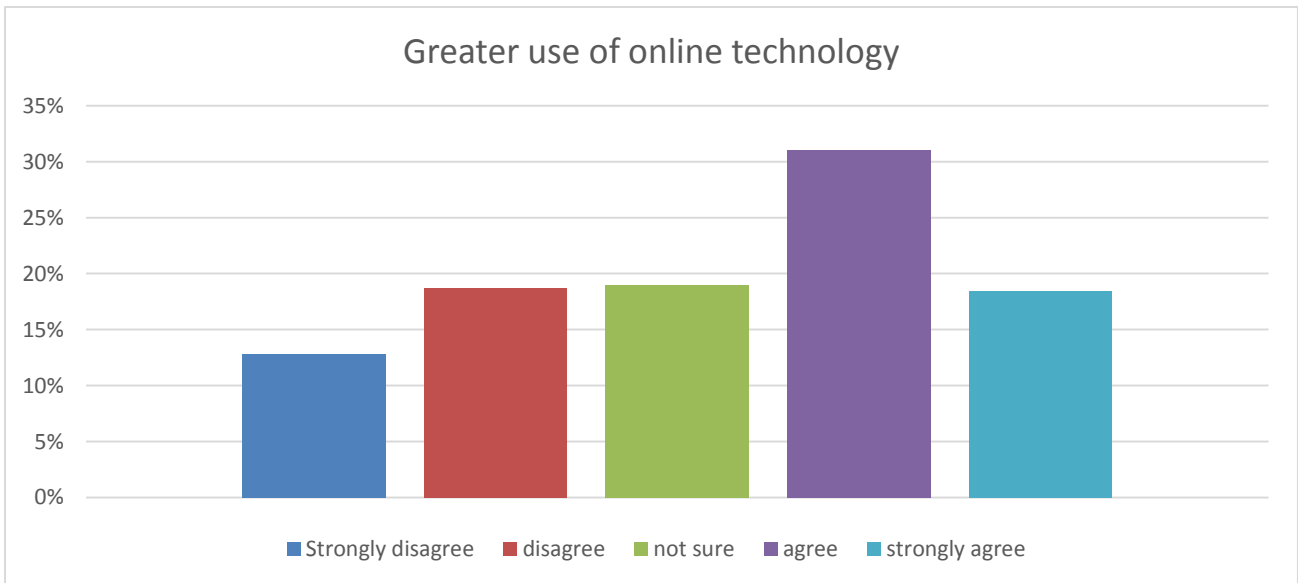


Although the way this is worded makes this sound a good idea (no one wants buildings for the sake of buildings), actually buildings offer a really important community space in which to provide the support and services. I understand that savings have to be made but I am concerned that these decisions to close buildings are easy to make but so difficult to reverse once it's happened. As far as I'm aware the evidence suggests that children's centres reduce child poverty and family issues. As family support has been reduced over the last few years there has been an increase in child poverty, numbers of looked after children and family breakdown - all of these social problems are hugely costly to the local authority. I think de-commissioning buildings will inevitably pave the way for easily reducing services and support in the future which will be a very costly mistake.

Service user

online services

Question 4 asked “We want to make more use of technology and create an easy to use online information service so that families receive the support that suits them best.” **To what extent do you agree or disagree with this approach?**



There was broad favour for this approach (50% agreeing or strongly agreeing, 19% unsure, 31% disagreeing or strongly disagreeing), although many participants made it clear this was not as a replacement for face to face services and access to online services must be a choice. Services users were slightly more in favour of this approach (53% in agreement)

There were many comments noting that not all families have access to the internet and people warned around limitations of broadband availability in rural areas.

People completing the questionnaire were asked about mobile phone and internet access: 94% had a mobile phone while 88% had internet access. These figures are far in excess of the Somerset average, but still leave an important minority without such access.

every time I'm asked [if I have internet access] I have to then explain that currently I don't have online access - my partner destroyed it

domestic abuse survivor

People advised online services should not replace face to face support, visits or groups but have their own advantages in disseminating information. Several of those unsure or who disagreed commented there was much information already available online. Participants had different comments about the effectiveness of current IT arrangements. Some were accessing helpful information already and wondered whether this was the point of Somerset Choices, others noted late and out-of-date information on websites and Facebook pages. One commented “The current Somerset county council website makes it hard to find the available services in each area”.

In my experience, there have been a number of attempts to collate information for families, e.g. Somerset Family Information Directory and Somerset Choices, which are neither properly maintained/updated or regularly used by individuals. My fear would be that resources are ploughed into another online resource that does reach or meet the needs of the majority of families in Somerset.

Service user

There were numerous comments about not putting too much money into a website, while ensuring there is sufficient resource to keep the site up to date. People want the advice on the site to be accurate and for the Family Support Service to further develop links with the local community and what is happening. The discussion groups were particularly positive about Facebook, and some noted that parents could subscribe and be alerted of new events in their area or that parents could share them with others. It was suggested other organisations' events could be added too.

The Wellington getset Facebook page is really good and linked in to what is happening elsewhere. These guys are brilliant at getting it all out there.

young parent

Many people commented the more vulnerable families are the ones who are less likely to be able to access online services due to finances or literacy, and two highlighted risks about traceability of online information when there are difficult domestic relationships. There were few comments in the questionnaire about the kind of services people would like to access on line. One commented that "some families need one to one support, so the online services must be able to identify them and help them access what they need".



Young people commented:

Promote the online service and make it easy to use for young people. Have the service in other places because people can't afford, or do not have access to the internet.

UKYPG

Young People stated that they would use the internet to find on line resources and that their staff should be well informed to signpost them

Somerset In Care Council

The young people are in favour of websites but pointed out that they don't all have access to the internet or digital equipment

Halcon Youth Club

In the discussion groups and open days we asked people for examples of what they would like. Although some parents thought there were too many apps around already, many parents were positive about online access:

Being awake at night is really lonely so you do pick up the iPad and go onto the internet. After you've googled how to get your baby to sleep (that should be in the search terms!) you then start looking for other things to do. It should be really easy to use and any group you like puts itself and the location into your calendar so you remember in the morning!

Parents at a breastfeeding group

One idea from parents was the option (and they were clear again this should be a choice) to have the Personal Child Health Record, the 'red book', online. While some found the tactile nature of the book and opportunity to complete all the sections an important part of their child's history, other parents would really appreciate having the book on an iPad or phone and for the new information to be added remotely. Some parents worried that they might lose the red book or couldn't find it at the time they needed it and were embarrassed. Online records are being currently being trialled nationally at www.eredbook.org.

Parents were not keen on accessing direct services over the internet, such as Skype or Facetime. Many commented they felt one of the most important things about the current service arrangements was they got you out of the house, off the internet and 'forced' you into social situations when there are many reasons to stay on your own. They described important implications for their emotional health and the social development of their children.

I agree it is great for extra support and it's very easy access for most people have access to the internet. But when I had post natal depression I used the internet as an excuse not to go out anywhere. It is very easy to hide behind your phone/tablet/computer rather than take that step out and communicate in a healthy manner.

Service user

Many parents felt the internet had a place in connecting them with these groups:

What about an app that has the timetable for the week, especially if you live on the boundary between two areas, so that it is always up to date and accessible. It could have a nursery rhyme of the week, a parenting tip of the week, maybe a discussion forum and so on.

parent

However, in common with others' views, some felt having the information did not of itself necessary address the issues:

Although most families have access to the internet, some don't but more importantly many families need prompting / hand-holding and will not seek out this support. Just having the information on the website will not mean your meeting the needs of vulnerable children and families.

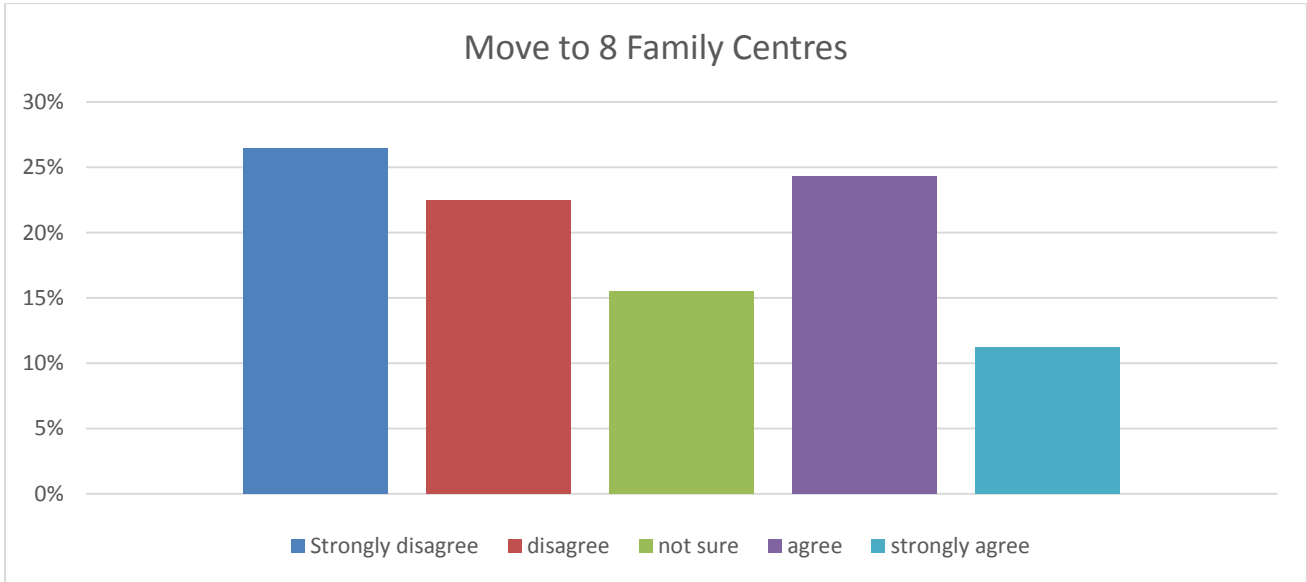
Taunton Deane and West Somerset Council

Using online technology brings the potential to make information more accessible, for example "technology that enables people who can't read rather than excludes them", and chances to ensure there is access to information for different ethnic and language groups about local events or organisations which could support them. There were differing views as to whether technology brought down barriers for literacy, or built them.



hub model

Question 5 asked “We would create 8 Family Centres in areas of greatest need. These centres would provide the same kind of support they do now and coordinate services in a wider network of places in local communities. This would include the use of libraries, people’s own homes, health centres, community halls and schools. The number of stand-alone Sure Start Children’s Centres would reduce by 16 but these would become part of the wider network delivering early childhood support for local families, for example nursery and school places.” **To what extent do you agree or disagree with this approach?**



Respondents were not positive about this plan, with 49% disagreeing or strongly disagreeing and 34% in agreement. Men were much less likely to agree or strongly agree (24%), with 35% strongly disagreeing.

Overall I feel like two centres per area would be better as West Somerset & South Somerset only have one yet are covering areas the same size as the others who have two each. The good relationships built with the midwives should be taken advantage of as this means support for families before birth if they need it. Also coming into the centre for midwifery appointments has broken down the barriers to accessing children's centre services as they are used to the staff already here.

getset staff member

Many parents talked about the importance of access, particularly by foot. The problems with the limited bus service in West Somerset and expense of public transport generally were highlighted, along with the hilly geography of places like Frome which makes it very challenging to walk with a buggy from one side of town to the other. There were cultural issues about where people feel they belong, concerns about accessing services in another community and concerns that towns such as Wiveliscombe, Wellington or villages would be further isolated.

The focus on areas of greatest deprivation was recognised as important, but many felt this missed wider needs across the community:

Areas of greatest need do need more support but whichever area there will always be a need. You will only create more areas of need by ignoring the needs across the county. All local areas are in need and families that are often in greater need are the families that are unable to get to these other locations due to lack of transport, direct buses not always available and families in need often have other children at school near the children's centre

service users

We are really worried about the implications. Support from services for vulnerable families is at rock bottom as it is, all we have in many cases is the ability to get our Parent & Family Support Advisor involved. We know in the info it says that it won't interfere with 'immediate access', but as we know, as soon as services become centralised thresholds increase and bureaucracy takes over. Also, I can see whoever manages the Parent & Family Support Advisors limiting their caseload to a level much lower than they hold at present, and although that is a good thing as we don't want to overload staff, we have at present the ability to be flexible when needed. Without this ability many of our families would be at crisis point.

Chair of Governors, Elmhurst Junior School

Some felt it would be difficult to maintain a parity of services where there was outreach rather than access to a specialised children's centre or hub:

It is vital that community spaces are suitable and well resourced. It would be awful for the families nearest to the Family Centres getting better resources than those who are not able to access the Family Centres and provision becomes more of a post code lottery.

A VCS organisation

Another suggested an opportunity to make services more inclusive:

I understand there are insufficient funds to maintain all Children's Centres but I believe there still needs to be a shared brand under which all services will sit. Any stigma attached to accessing existing Family Support Services could be removed and the service presented as truly universal.

service user

Staff had a similar perspective to the public (48% against, 29% for) and noted that the eight centres are not easy to reach for everyone and that the community venues would need to

be sourced. Staff parking needs addressed and transport provided for families not close to a centre – several staff perceived some challenges ahead with this. Some staff felt they had seen improvements:

Buildings that, at times are too small, not fit for purpose, very expensive and not cost effective have already seen more appropriate and productive use by early years providers and schools and we should recognise where this is more appropriate, more functional and more sustainable in the long term to retain these buildings and have them used appropriately.

getset staff member

In summary, the public either had not understood the Council was planning to maintain or improve the current reach of services, or did not believe this would happen in practice. People talked of the history of a loss of services, the impact of frequent changes and reducing budgets on groups, and/or felt there was an underlying agenda about a reduction in services.

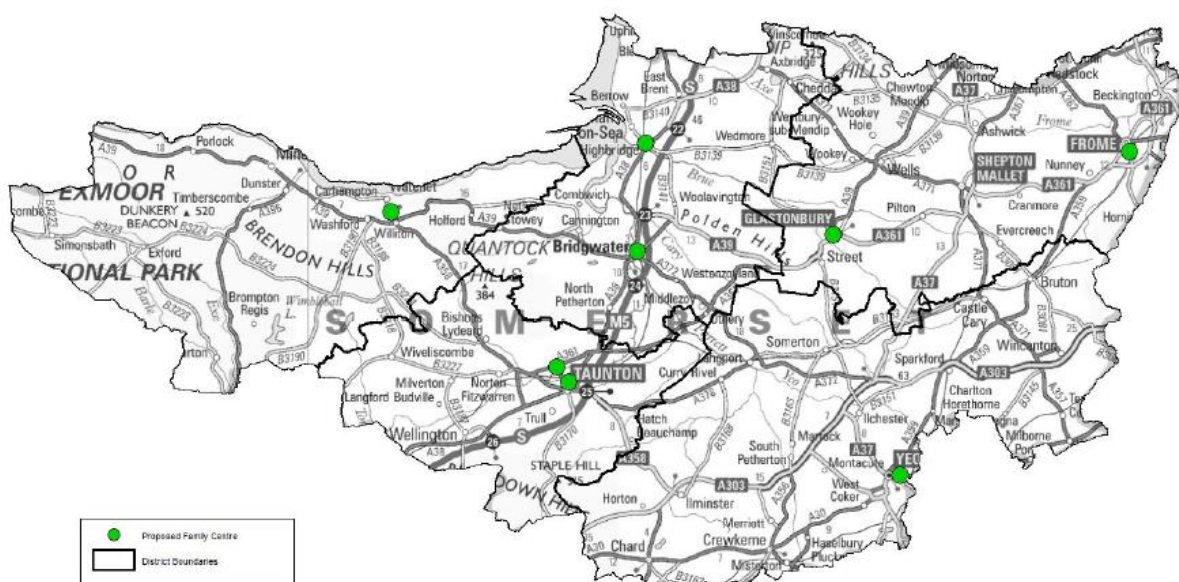
At the moment no one is sure what they're doing - they try things out, stretch too far, and then have to pull back.

parent

It was clear in our visits around the County that different solutions will need to be found for specific towns and villages – there were major variances within districts and sometimes within towns:

My concern is linked to the large locality of Somerset, and how just 8 centres will cover it all. The other venues would need to be visible, accessible and appealing to ensure services are accessed and people are not put off trying to get to them. Planning needs to ensure it carefully considers local context and need. Not all highest need is bunched together in one area (such as comparing the Halcon estate to West Somerset).

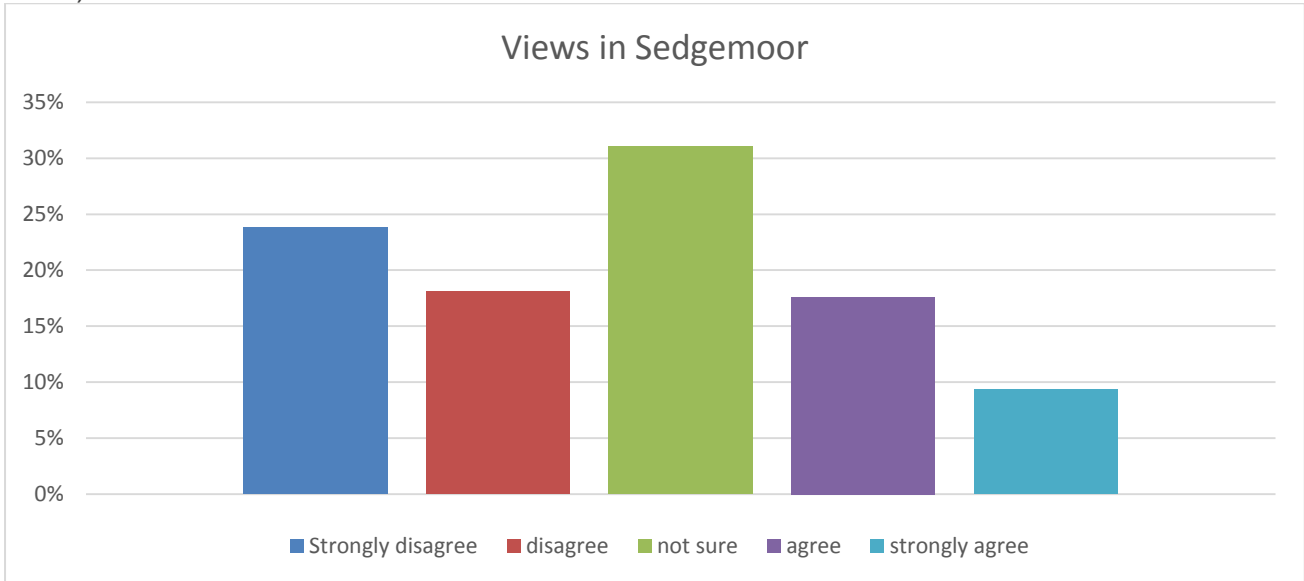
Member of staff & parent



This map shows the proposed Family Centre locations, overlaid on a map of Somerset, with district boundaries.

district proposals

Question 6 asked “To what degree do you support each of the district proposals? (Please provide an answer for the area/s that relate to you. You do not need to comment on all of them)



255 people responded about Sedgemoor – 42% disagreeing and 25% agreeing.

I don't feel the service now is adequate so not sure how cutting the spending on the buildings would improve the system. There is a chance it will be too big a service and delivery will suffer more.

Sedgemoor Council

All the existing centres provide important and essential functions in their local areas. Sedgemoor is my local area so I have more direct knowledge of the issues there. I am particularly concerned about the loss of both Hamp and Victoria Park Sure Start centres, as I know what valuable work they have been doing for local families. The success of this preventive work is evidence-based.

Town Councillor

I think this model works well and should be replicated in other areas. One large Centre covering a large area of deprivation and another Centre covering an area which also has a level of deprivation. This would ensure that families in the Highbridge area would not need to travel too far for support

Member of public

Another comment highlighted some community divisions between Hamp and Sydenham and felt Hamp residents would not access services there. Local provision and local experiences significantly affected people's judgements:

I would agree about buildings being underused. Langport is empty except rooms used for meetings occasionally. They occasionally ran groups when I first moved. However, the church opened a toddler group on a Wednesday morning and that was more effective at reaching out to people than the workers at the centre. People trusted them a bit more... . The group was more community centred - you didn't get that feel in the family centre.

parent

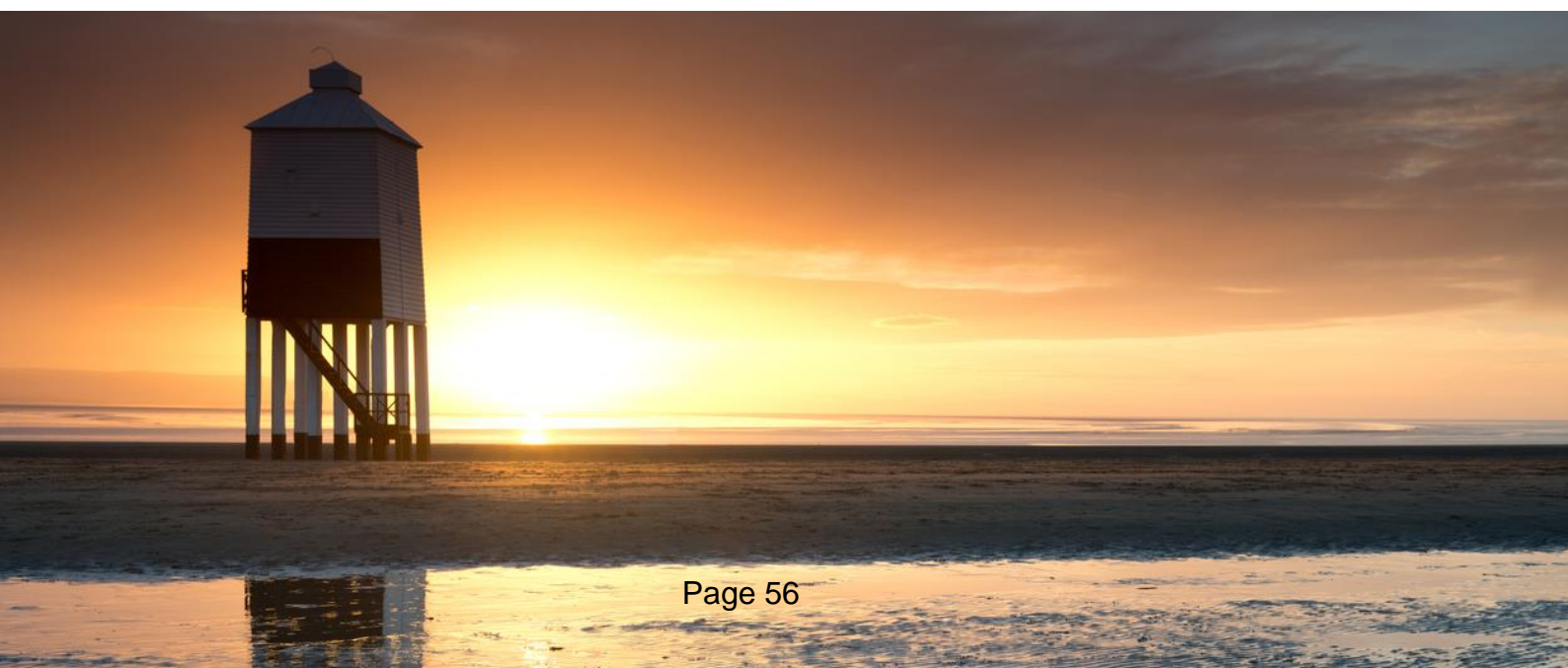
Concerns in Sedgemoor centred on travel arrangements, particularly the expense of public transport and the importance of having support locally. Some parents reported they did not know about services going on in their area, and others felt the range of provision at present is too small and these proposals would reduce it still further. Staff commented on the limited office space available even with the current hot-desking arrangements.

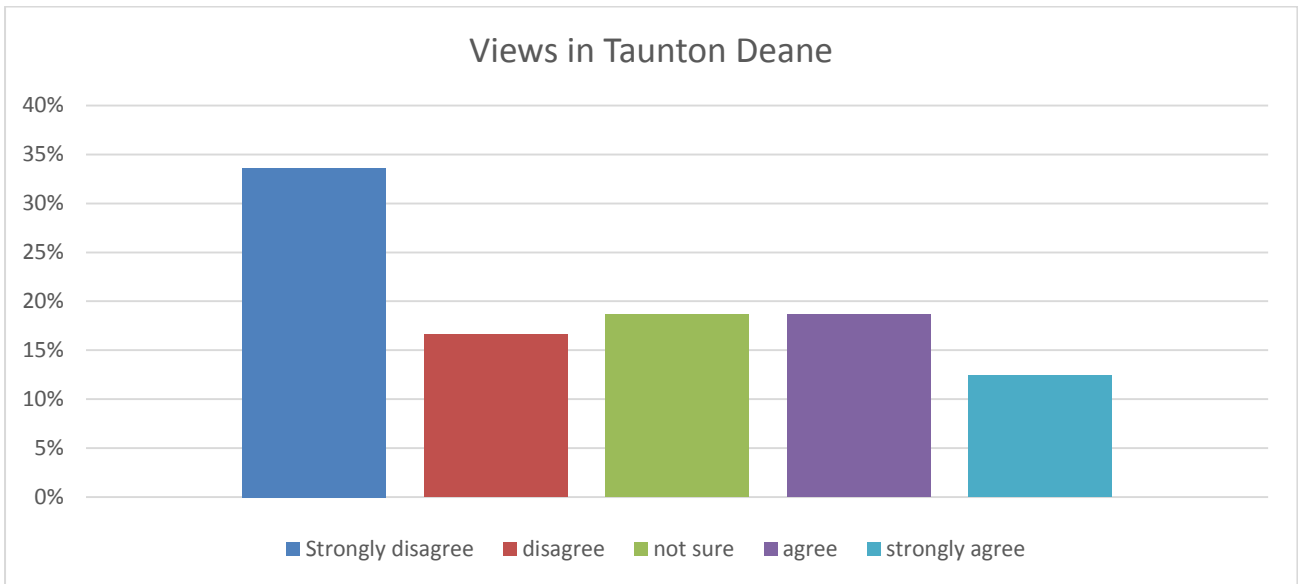
More detail was required: several participants did not think there were other appropriate buildings in their area or funds available to access these.

At the open day the chair of Victoria Park Community Centre argued strongly for the centre to be seen as more than a delivery point: “we want Children and Family services to be seen as an important offer to the Community”. He set out how the community centre provides services from birth right through life at present, is adjacent to the GP and pharmacy and the local Park with a wide range of opportunities on offer to draw people in. Rather than pulling back, he wanted to see services for children represented on the Board so that cohesive efforts could be made to improve the lives of people in the area.

The Children's Centre was a god send to me when I had my children. Without it I would not have survived and am sure I would have needed more acute help.

Member of public





307 people responded about Taunton Deane with 50% disagreeing and 25% agreeing. Service user feeling was even stronger, with 58% in disagreement.

I agree with Acorns and Hollies but I have concerns about the lack of any site at all in Wellington which is a sizeable town with lots of pockets of deprivation and need. Having a base in Wellington would give lots of advantages for Get Set, Health Visitors and other partners to support families.

Taunton Deane and West Somerset Council Officers

There was concern about Bishops Lydeard Children’s Centre:

The needs of individuals and families in communities such as Bishops Lydeard are just as real and serious as in more deprived areas. People still struggle with loneliness, post-natal depression and depression, financial problems, serious illness, family rifts etc etc. We, like other areas, have those single-parent families etc who rely upon our services for encouragement and support.

Seedlings Community Stay&Play Coordinator

There were a high proportion of responses from Wellington, with an additional 43 emails to the consultation and a petition of 677 signatures with numerous comments. These have been taken into account in this section.

I volunteered with the Children's Centre and the team is absolutely amazing. The work they do is so inspirational and they have had a positive affect on so many local children's lives. It is so important to have a centre focussed around families in the town. It will be such a loss if the planned changes take place, it must be stopped!

We need these people in our community. Wouldn't know who to turn to without them. Amazing people and a fantastic service. So many families would miss so much without them. Please help us save the Wellington centre

When I had my first child I used the centre regularly, it's a fantastic resource for the community that shouldn't be lost. I made life long friends due to this centre

Me and my son have been coming here since he was newborn. The support workers here are wonderful and great at their jobs. I have been helped through some pretty tough times thank you to this team. Children love coming to this centre. It's such a vital part of the community that is easily accessible to local parents and carers who a lot of them wouldn't be able to make their way to Taunton. I don't feel that there is possibly enough reasons to close something as important as a children's centre! I hope for mine, my son's, my future children and everyone else affected by this that we get to keep our centre.

Petition comments

People value the experiences they have had at the centre and the difference the staff have made in their lives. They see having a children's centre as part of being a community and essential to forging local links:

Although we are assured that the staff will still be working in the town, we are concerned that the local connections and partnership working will be lost. The argument put forward is that 'people support families not buildings'. We do not dissent from this view, but we believe that having a building, where staff can interact and discuss families' needs, greatly assists the process. The staff at the centre were graded 'Good with outstanding features' in their last Ofsted report and recently won an award for their partnership working.

Unfortunately, we have already started to see a reduction in the services in the town with the popular support group that worked on the allotment ceasing. This was devastating for the families and staff involved. This group had allowed parents to interact with their children in a relaxed environment and gave an excellent opportunity for staff to build positive relationships with vulnerable families. Our fear is that this will increase, if the centre were to close and staff no longer be based in Wellington, as the ability to interact with families will be lost.

email response

The theme of already stretched services in Taunton Deane and importance of community links in a small town like Wellington came strongly through the email correspondence:

The facility was/is truly a lifeline for the neediest families. It provided a safe place and a confidential service in times of crisis for so many vulnerable families. There is absolutely nowhere else for them to go when life is tough. The staff were highly professional and unquestionably provided families in Wellington with the support they needed, whether that was struggling with parenting, safeguarding issues or financial crisis. The Health Visiting service is under great strain at present as they try to maintain a service to the rapidly expanding population of Wellington. I feel that the closure of Wellington Children’s Centre puts our community at great risk of a serious case arising in our midst.

Retired member of staff

Wellington is a town with two faces. The more easily seen face is one of leafy avenues, smart shops and fast-selling new houses. But there is another face of real deprivation and low expectations, running on generation to generation. This is especially true in North Wellington ward where the WCC [Wellington Children’s Centre] is based.

email response

There was strong community momentum around this decision and some criticism that no open day was held in the town – one email correspondent pointed out “it is obvious that mothers who would not be able to travel there for services would not be able to travel there for a consultation either”. Senior officers attended a Q&A session at a school holiday event arranged by the Town Council and One Team partnership. This session provided an opportunity for members of the public to have their questions answered and to promote the online consultation questionnaire.

People connected with children, whether they are parents, family or just socially minded people, know that we need a place to which to go. When a need arises there is no time to go looking here, there and everywhere to find the person who will give just the help that is wanted. The Centre gives a focus to the service, without which it becomes something vague and intangible in people’s minds. It also has a practical dimension.

email response

Comments on the questionnaires and petition also highlighted the distance to Taunton and the difficulty of public transport arrangements, and felt the proposal was that services would be withdrawn from Wellington.

Unlike Sedgemoor this model seems to be built around existing suitable buildings rather than the needs of the area. In Taunton we have two centres within a couple of miles of each other. I appreciate that there are some very deprived areas but the overall deprivation is no worse than in Sedgemoor... Wellington is a rapidly expanding Town with a highly deprived area & potential for more deprivation... in the North side of the town. I strongly feel the Sedgemoor model should be replicated here with one Centre in Taunton and one in Wellington.

Member of public

Young parents in a discussion group in Wellington had been part of a formal getset group. One parent talked about how relationships with staff had identified concerns for her and her child early. She returned to the group and at the end of the sessions the parents decided to continue and run their own group:

Will it isolate people more if there's no children's centre? Online can be isolating – last year I had post natal depression and used Facebook more than groups – in fact I used it as an excuse not to go to groups. getset came out and did home visits because she clicked on I wasn't coming to the groups and so she came out... M_____ has learned a lot of social skills. Here we've got everything we need – toys, crafts, room, a free venue. We would want this to continue. If we don't have the venue where would they keep the toys?

Young parent

We run a child minders' drop in once a month. We don't pay for the room and can have visitors from Somerset County Council and getset. It's a brilliant way for child minders to communicate in what can be a solitary job. The children's centre is somewhere I can come to for advice and for safeguarding issues. As a child minder you can sometimes be reluctant to go down an official route.

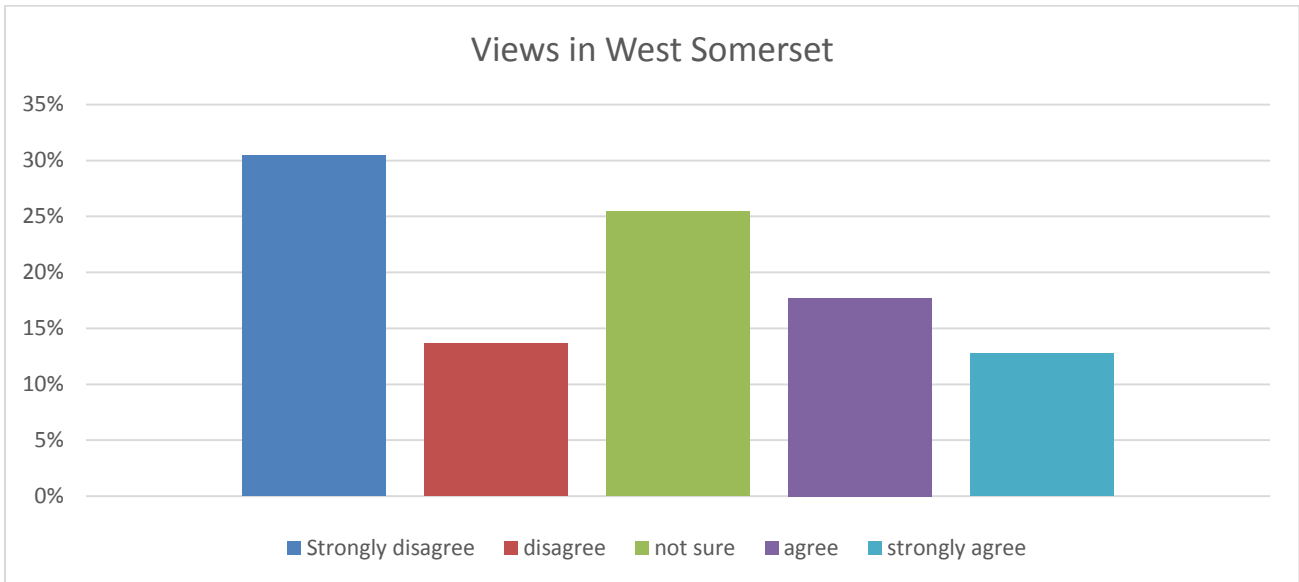
Childminder

Staff spoken to during the discussion group did not feel tied to the building, but rather to the links they have with the community and other professionals. They worried that moving their office base to Taunton would damage these:

It would make things more difficult if people can't have the children's centre. I suggest working with the Wellington One team. Create a local hub and people can drop in there. We've had four women in seven years turn up on the doorstep feeling domestic violence and they came to us because they knew us.

getset Staff





222 people commented on West Somerset, with 44% in disagreement with the proposals for the area and 31% in agreement.

Before considering the travel, travel cost, space issues and the plethora of other problems; the most obvious issue appears to be that the location suggested does not correspond to the location with the biggest immediate population. The idea is absurd.

Service user

As the local population rises, assets such as Children's Centres should be retained and used more effectively, including for intergenerational activities. This could address the huge and recognised problem of loneliness and social isolation in the district.

Member of public

Almost 50% of the area that we live in is rural and we cannot build centres in all villages and hamlets, therefore we need to scope and capacity to be more creative and innovative with our limited budgets to ensure we are meeting the needs of as many children, across the whole area, as we can.

getset staff member

With no wards in the 10% most deprived some participants felt West Somerset's profile did not recognise the problems in the area.

West Somerset is very rural and although I agree with the site at Williton (Williton N and Watchet S being the most deprived areas of W Somerset), West Somerset as a whole has relative high deprivation as evidenced by the worst social mobility in the country (and the West Somerset Opportunity Areas project). The model will need to ensure that support is available in hard to reach places.

Taunton Deane and West Somerset Council

One participant highlighted the work that had gone on to develop excellent inter-professional relationships, in line with the proposal to merge services, but worried the changes to building arrangements would affect this:

Alcombe Children's Centre is already a centre with good partnership working with the midwives who are based in there. Relationships have recently improved with the nursery and local health visitors and partnership working is the best it has been in a long time. If the health visitors move in as planned this would further improve relationships and create a well-integrated and consistent service for families. I feel that getset 'moving out' and only being there occasionally may harm these good relationships. There are already examples of where this positive partnership working has helped get support in place for some families.

getset Staff member

Problems getting to centres were highlighted as participants felt services would only really run from the proposed hub at Williton. There were comments that services such as the TAPs group were closed without consultation and that services had already been run down so there was little happening at Dulverton and Alcombe Children's Centres. They felt this was due to service decisions "in preparation for closure", not due to demand or need in the area.

There were a number of concerns about the selection of Williton as the hub with arguments for both Watchet (on the basis of highest levels of deprivation) and Minehead (due to level of need, distance/public transport arrangements and population size) be retained or to be designated as the Family Centre hub.

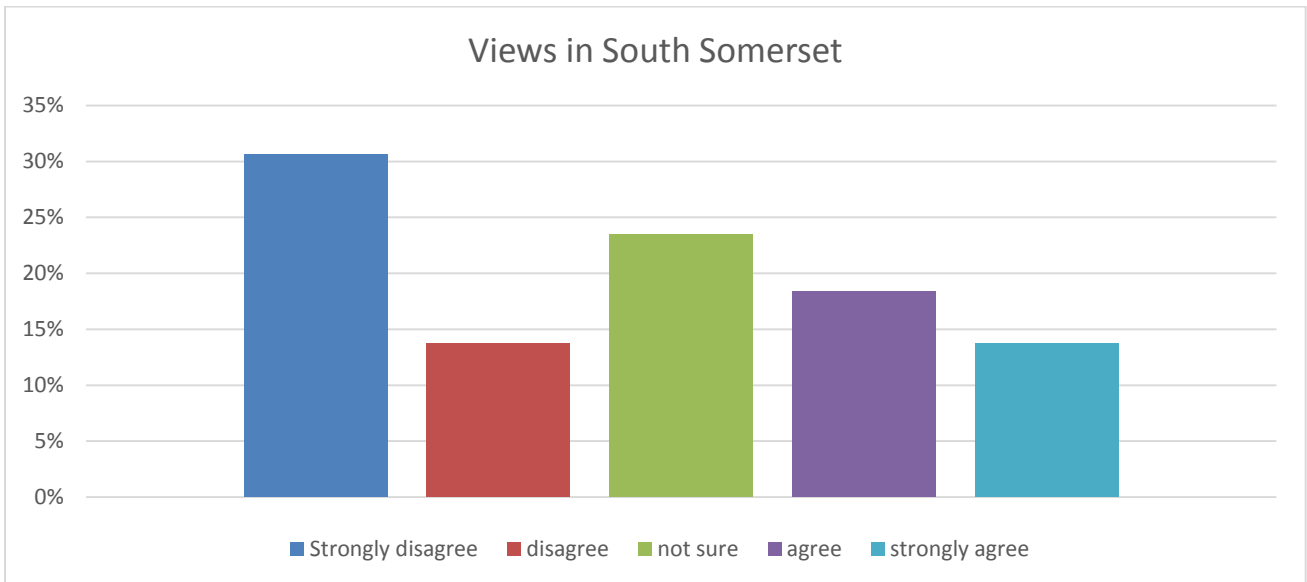
There are many impoverished families in Minehead. Poor access to adult learning, poor job prospects and poor health choices all contribute to make the place seem to be going the wrong direction. A lot of help is needed to change things around and children's services are vital for this change in behaviours and for better life chances.

Service user

Williton Children's Centre is simply not big enough to accommodate this without sacrificing some of the group and family rooms. The building is not fit for this purpose and therefore would go against exactly what is set out in the consultation document. Alcombe Children's Centre is big enough to accommodate many different services and is located near the local supermarkets where the majority of the residents in West Somerset do their food shopping therefore families would not necessarily have to make a separate journey to access our services as they would have to in Williton.

getset Staff member

People wanted further information on what the alternative proposals might look like, such as which buildings might be used. There were also comments asking about the future use of buildings which are proposed to be de-designated, such as the Alcombe Children's Centre.



45% of the 253 responses about South Somerset were critical of the proposals, 30% in favour. This rose to 50% of service users, with only 22% in favour. 35% of men responded as 'not sure'. Respondents were dissatisfied with the reduction in centres due to the size of this part of Somerset. Particular concern was raised about increasing poverty in Chard and parts of Yeovil:

Chard needs a designated support service in one central place. Yeovil is too far away with poor public transport. Chard is a deprived area with complex needs, English as a second language, etc

Member of public

The distance between Yeovil and the linked delivery points is huge – think about travel for staff and families. I already have families who are being encouraged to travel 10+ miles to attend groups.

Speech & Language Therapist

Although an issue across Somerset, more people in South Somerset than other areas expressed views that the current system does not sufficiently address the needs of the villages and rural areas – they want to see input in villages such as South Petherton, Martock and Merriott addressed in the new proposals:

South Somerset is an incredibly large area with a lot of deprivation. In addition it has very rural parts ... it is apparent that many vulnerable children and families are being deprived of even basic support services. ... the most vulnerable families will not access information online, they need face to face, consistent input from professionals and support workers. There is already an inequity of service provision county wide as most groups are offered in the town locations - sometimes a 45 minute bus drive away for some parents - this is a huge barrier to getting client engagement. Your proposals will only make this worse for clients and fundamentally the outcomes for children.

Health Visitor

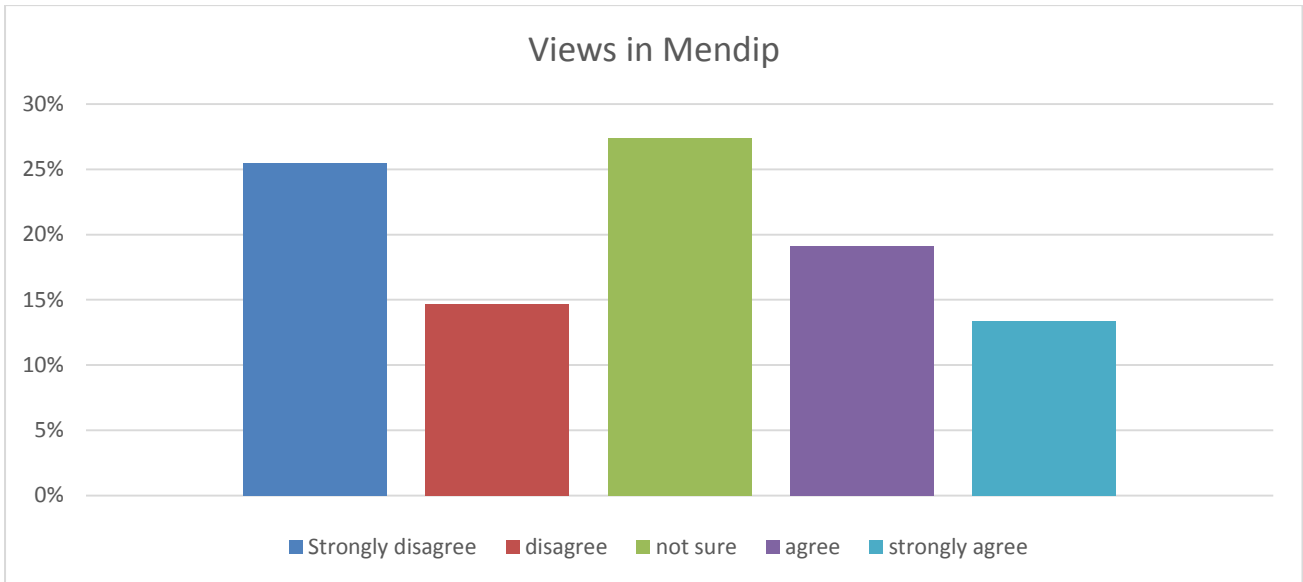
Many participants suggested the Children's Centre in Chard should be maintained, with one pointing out South Somerset has the largest number of children. In general, participants wanted more information and involvement in what the new services would look like in their area:

I would need more information about the local access points proposed in Ilminster before I could make a judgement on this proposal. To my knowledge, services currently available at the Children's Centre in Chard are not accessed by large numbers of families in Ilminster. Being a parent is stressful enough without having to transport children to attend a session of maybe just an hour or an even shorter appointment. It is important that any identified local community delivery points have the facilities to deliver all, or the majority of the support services, on an outreach basis, where this best suits the needs of individual service users.

Service user

We are very concerned about the significant reduction in Children's Centres in South Somerset which is the largest district in the County. We are particularly concerned about Chard and any reduction in access to services. Many families in Chard experience a wide range of complex issues while at the same time have limited access to services, being out on a limb with limited transport. We strongly request that when it comes to developing the new model of service delivery and the 'Linked Delivery Points' in each location you engage and consult fully with local services and organisations, as the potential arrangements are likely to be different in each location and will require detailed design to respond to specific local needs. SSSDC would like to be fully involved in the rolling out of your plans so that we can integrate, where possible, with our own services. There are opportunities, through our SSSDC Future Model through Transformation for better integration with Children's Services with SSSDC services such as Housing and Environmental Health. Strong local partnerships with other providers is essential. For example we work closely with the One Teams in Yeovil and Chard. We run a welfare advice surgery in the Forefront Centre, Chard, and work in close partnership to support vulnerable people with the Balsam Centre in Wincanton. We would be happy to help facilitate this in each locality as we have community development staff in each area with excellent local connections in each of the communities listed in your model. If possible we would like to work proactively with SCC and Mendip DC to ensure families are able to access support across the eastern side of Somerset. As a start we would suggest that the team at SCC are invited to attend our 4 Area Committees early in 2018 to engage with our members directly so that we can engage in constructive dialogue around the future provision of services in South Somerset.

South Somerset District Council



The geography of Mendip was highlighted during the consultation and an additional open day arranged in Frome to ensure people were able to participate. There were 207 responses about Mendip with 42% critical of the proposals and 31% in agreement. 47% of service users were critical and 28% in agreement.

There is currently a lack of services available within the Shepton Mallet area. A family centre would be more beneficial placed in Shepton than in Glastonbury.
Health Visitor

All children matter in all areas. We are Mendip. Having village outreach is important. So are children's centres in towns for an area with bigger populations. The proposals are vague with no information about impacts on the areas and the solutions to any problems.
Service user

This change has already happened. I think this will work as long as there are plenty of groups still running and as long as the teams are given enough space for groups to run and enjoyed by all parents and children
Service user

Some participants in other areas were critical of plans to maintain two main family centres in this area which they perceived as more affluent. Mendip respondents felt they should have a children's centre in their local town, citing Shepton Mallet, Street, Wells and areas of Frome.

At the open day service users talked about the difficulties of the Frome geography:

I think it's OK because they are keeping open [The Keys] children's centre and closing the [The Bridge]. If they'd done it the other way around I wouldn't have gone because it's too far and impossible with a buggy with the hills
Service user

Sure start centre at Christ Church/ The Mount in Frome is important hub but I am concerned that in the long run other neighbourhoods of poverty need and complexity (e.g. Vallis and Hayesdown) will be marginalised and less supported

Headteacher, Christ Cove Church First School

Many participants highlighted Shepton Mallet as an area of real need:

We appreciate the intention in Mendip is to retain centres where we have high deprivation: this has seen Frome and Glastonbury chosen. We are concerned about the impact on Shepton Mallet with a significant pocket of deprivation and would be looking for some clarity around the intended support for Shepton. Similarly in the case of the other two centres being de-designated, and the three linked delivery points, we would be looking for some assurance as regards what will happen with the services currently delivered from this buildings.

The District Council offers a variety of services from its main office in Shepton Mallet and has strong links with other partners in the community such as Mendip YMCA, Elim Connect and Mendip CAB. Along with our local partners we would be keen to begin conversations now about how more integrated support for families could be achieved. Along with our sister district, South Somerset, we already work collaboratively with partners to help support young people in the East of Somerset. Via the Positive Lives programme we work with all the Districts, the County Council and wider agencies to provide more integrated support for adults with complex needs. We believe that now is a good time to map out how support for families can be delivered jointly at a local level and ask that as part of this piece of work it commences.

Mendip District Council

Transport was regularly identified as a barrier to accessing services, and participants wondered about the impact on staff travel time if services were delivered locally.

The hub in Glastonbury was very busy and received plaudits from many parents on the open day, although several commented that there was only one day they were able to come as the other events all focused on particular needs.

I like Glastonbury Hub - I like that most of the toys are wooden and good quality. It's disappointing in the winter if it's raining as the place feels up really quickly and you can't get in. You've come all the way with your child and they're disappointed.

Parent



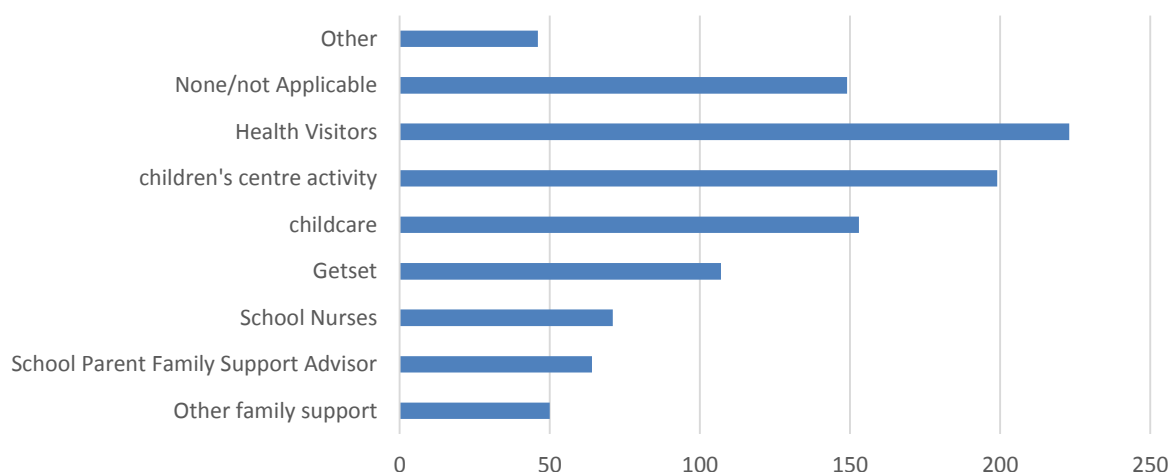
services used by respondents

Participants were asked about their current use of services and about the services they would like to see in the future. Health visiting and children's centre services were most commonly selected. In addition to the graph below some participants felt they had been offered no services, but many mentioned a range of services for children with disabilities (e.g. portage, autism support etc) and a wide range of other services from including social work support, independent child care, domestic abuse services, CAMHS appointments and more.

I told my step-daughter to go to the children's centre after she had her baby at the age of 20. The support and welcome was amazing. They even had a young parents group as most of her friends were at university, definitely not considering a baby. She became more confident and has strived to stay off benefits. Had she not had support, she'd of become lonely and quite probably lack in confidence to work, sort childcare and have a positive outlook. Her life changed dramatically, she got the support

Member of public

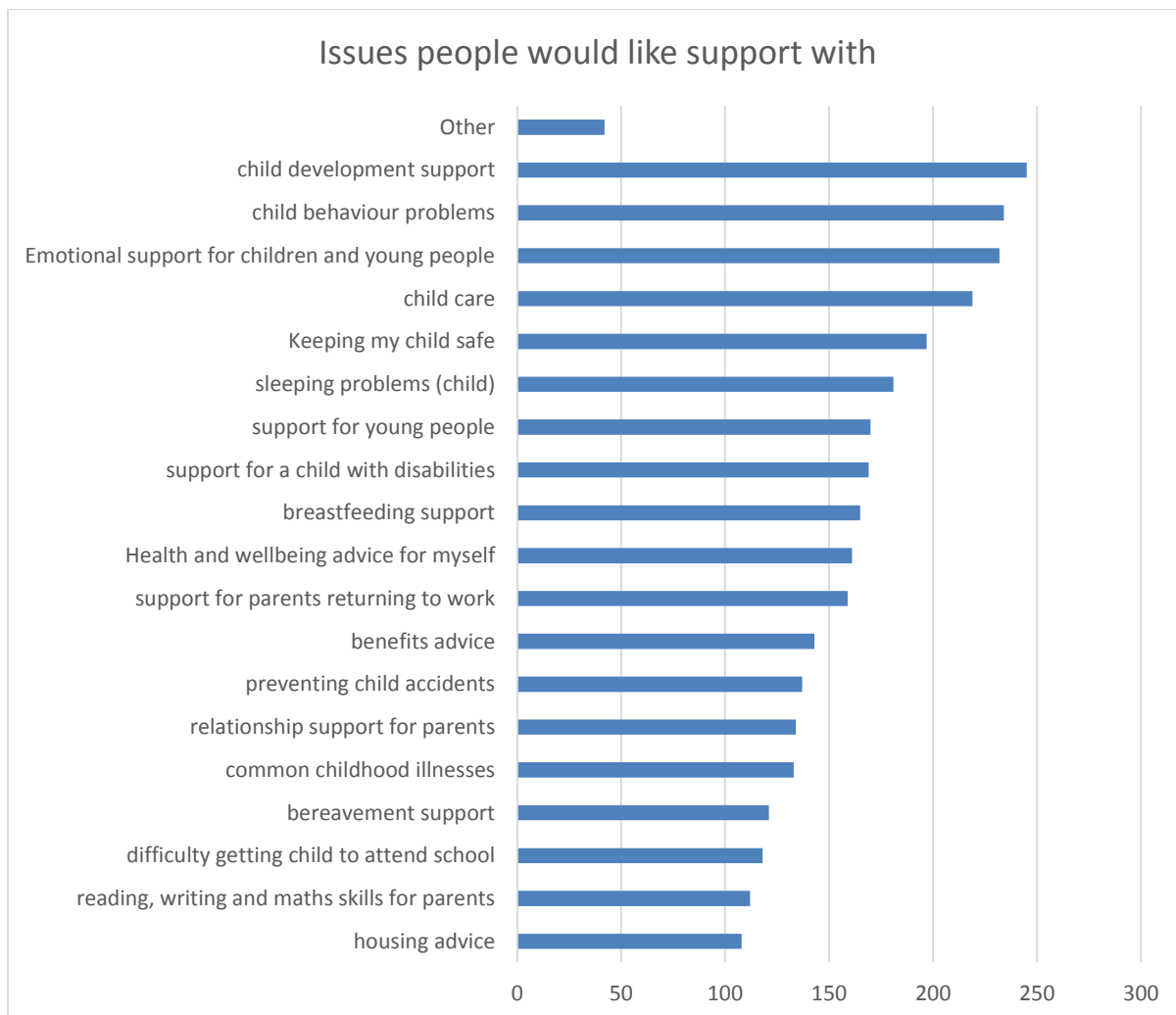
Services used by person completing questionnaire



This graph highlights the breadth of the advice given or expected of family support services. No area was left unselected even though most participants chose which to tick and which not to (there were some who selected all).

In an area which is by the sea and rivers it is so important that our children get used to water and learn to swim. We are already lacking in swimming pools in this areas and will really struggle ie these getset swim groups stop

Parent



Participants commented frequently on how important they had found the services they received, included throughout this report. There were some suggestions to invest more in parenting support delivered through schools:

I cannot talk highly enough of the support me & my children have received from PFSA services in Wells. He has proved to have been knowledgeable & skilled, my children have told me how well supported they feel in school by him.

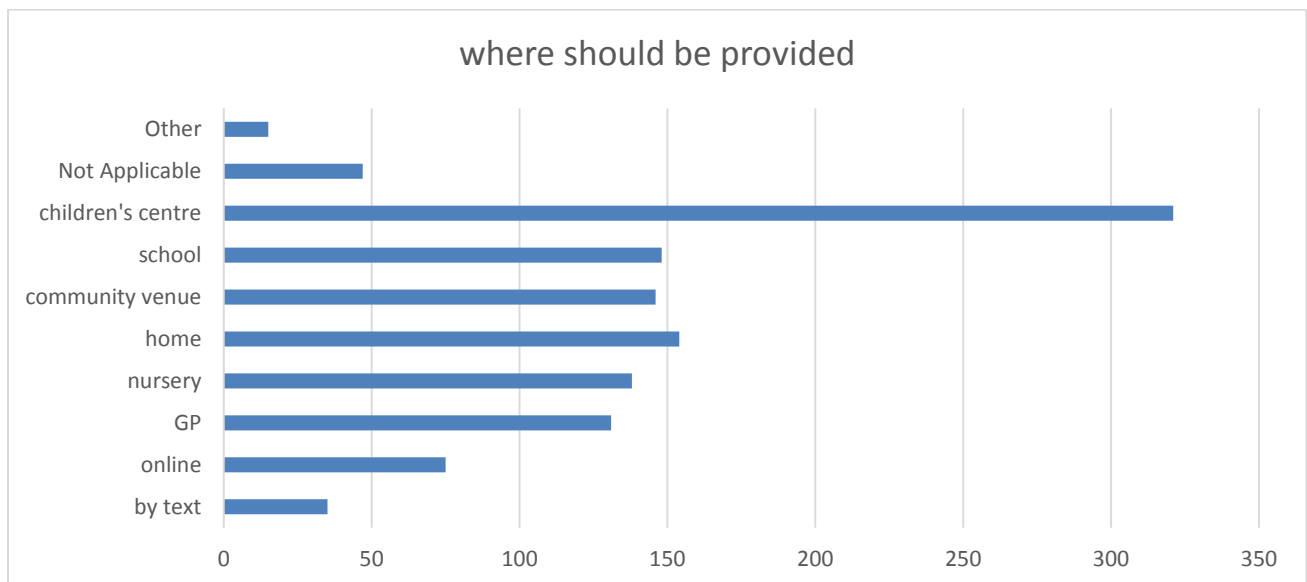
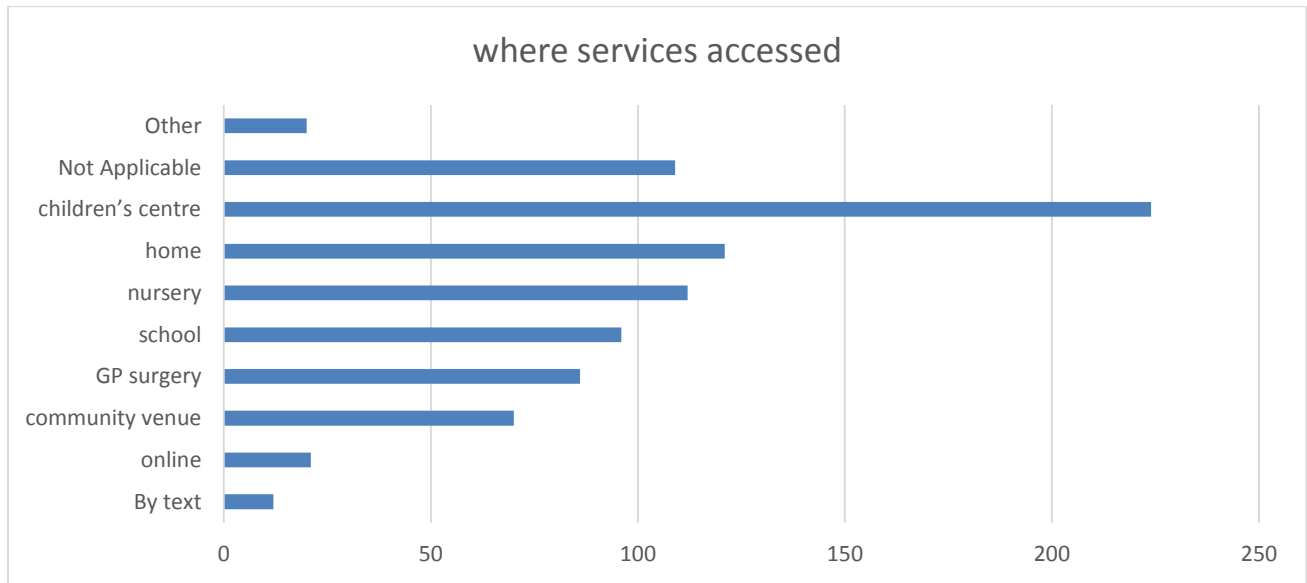
Parent

More opportunity to supporting children through school. Hearing tests, help with their teeth, eye tests etc. Monitor the pupils closely with their behaviour. Pick up on anxiety early and teaching groups about bullying. Make it accessible for children to approach a group where they feel safe to talk with an adult about their worries or problems that they are facing.

Parent

where services should be accessed

The questionnaire also covered where people current access services, and what they would like to see.



Participants overwhelmingly believed that services should continue to be delivered through children's centres. More felt use could be made of community centres. Of concern, given some of the current delivery arrangements, few wanted their services delivered through libraries.



There were various suggestions about characteristics of venues that were fit for purpose (or not). Participants asked for venues:

- to be within walking distance (taking into account hills!)
- to be in a consistent location, ideally with other groups
- to be accessible (centre of town or where the need is)
- to be accessible (wheelchairs, buggies)
- have parking
- to feel comfortable (“not cold, draughty halls”)
- to have space to store toys
- have space for buggies
- to be neutral (some participants wondered about the ethics of faith based venues for parents of a different faith or none)
- to have proper safeguarding arrangements
- to be close to their other children’s schools so they go out once
- to be funded properly
- to have tea and coffee
- not to be changed all the time so groups get to form and develop

There were also suggestions that staff capacity would need to be in place for booking arrangements (it takes some time to find a good venue or even to find a convenient meeting time available), and a protected budget for venue and travel costs for both staff and participants where needed.

Participants felt strongly that service users and the staff involved in delivering services should be involved in choosing the venues going forward. This ties closely with the findings about local solutions for local delivery.

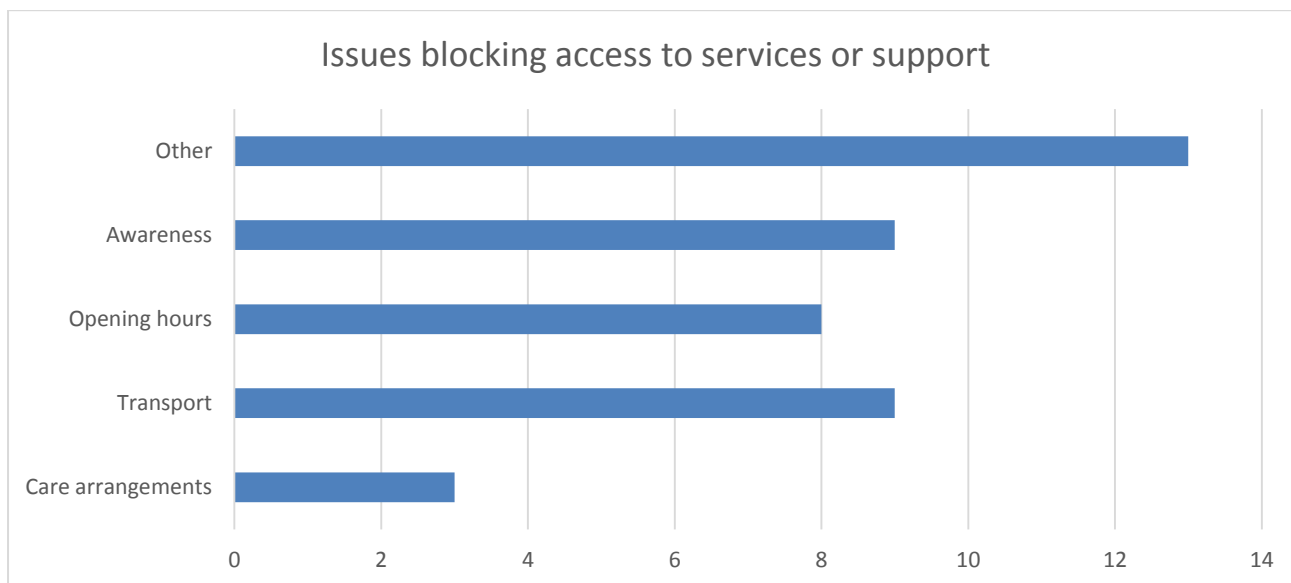
Some participants encouraged the Council to think outside the box running events with no building at all, with suggestions for a baby forest school or a trip to the beach in a minibus to encourage families to raise horizons and learn about things they can do with their children to make most use of the local cheap and free opportunities.



accessing services

Q11 asked about access to services. Of the 157 people who had accessed services who answered this question 85% had been able to access the services.

Participants were then asked what had stopped them accessing services:



13 people selected other as a category. This comprised:

- two families who did not meet the criteria for the service,
- four whose child's needs were complex and they felt no service had adequately provided for them,
- three who noted services had stopped at their local children's centre or that there was no local baby group,
- two not being aware of local services, and
- two who complained the quality of the service they had received was poor.
- No men cited care arrangements as a factor

There were no specific questions within the consultation about children with disabilities, nor any discussion groups focused on their experiences. In analysing the question data there were several parents responding who clearly did not feel they had been able to access the right

family support services. One worker involved young people with disabilities in the consultation:

I undertook this consultation at a youth club session with a small group of young people with SEN. It was a very difficult concept to understand but we had some fun doing the activity - they enjoyed acting out the emotions and behaviours they wanted to describe. What was apparent is that they do not have responsibility for seeking out or thinking about their needs; even talking to a trusted teacher was difficult to understand. This might be worth further exploration.

Mendip young people's group

It would be important in thinking about changes to explore this area further.

Participants were asked about how they access services. Of the 38 service users



who recorded the distance they travel to services 50% were within two miles (two participants note walking further than this) and 21% travelled more than 10 miles, particularly those living in rural locations.

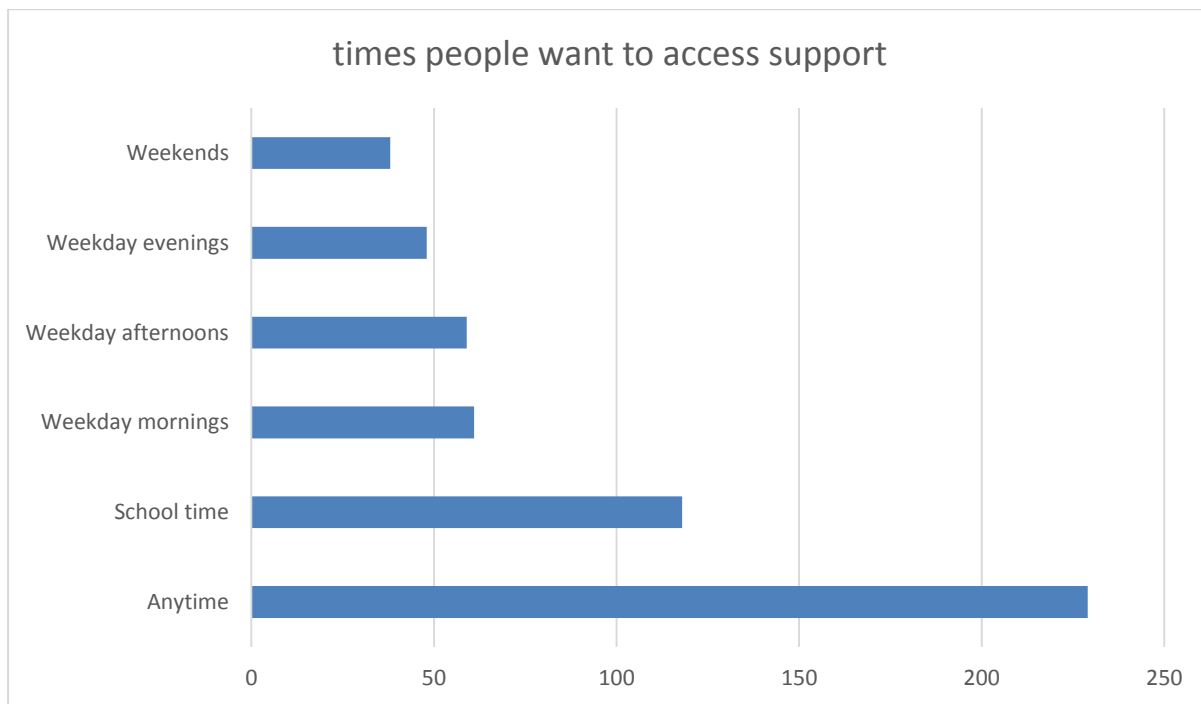
Accessibility was a feature in discussions in each of the District open days. While service users completing the questionnaire access to cars was higher than the Somerset average at 75% the car may be being used by a working partner as many participants worried the loss of children's centre buildings would mean services that were offered would be further away. They commented on the limitations of the public transport infrastructure and reliance on the ability to walk to sessions, particularly if a family did not own a car.

One meeting for a family held at Sydenham meant an hour and a half to walk there from Wilstock Village and then the same back again. The next meeting is going to be held at a school which is walkable but this required some begging! There should be identified spaces within walking distance of all areas of deprivation.

Health visitor

There was acknowledgement some services would have to be offered over a number of localities and ideas for improving access to services included emulating a local Sunday school with a minibus that travels around the villages in the morning collecting young people for a charge of 50p and then drops them back afterwards

when people want to access support



I love this [Glastonbury Hub drop in], it's invaluable to me. I'm separated from the mother of my child so actually finding places to go is really important. I travel half an hour from the edge of Exmoor. It's totally worthwhile as I find it a struggle in winter to find anywhere to take her. I know there's a group in Street and Shepton too. I'd like to see it open more often so I could drop in whenever. I've arranged the access to my daughter around the group. It would be amazing to have a session every day - we come to the library and she sees it through the locked doors and she's shouting I want to go in there

parent

In the questionnaires, open days and discussion groups service users and professionals commented that services

should be available at the time people need them, and that current arrangements were too restrictive.

Services shut at 5pm - if you're in a dark place that's when you may need help. You want to be able to speak to someone who can help you make a change, not just a helpline

Domestic abuse survivor

Some participants commented that thought needs to go into the timing of groups that are run, for example ensuring a parenting course for parents of young children is not at settling time. They also commented that many of the groups operate in term time only which is less relevant for parents of young children. They felt this left them at a loss during the school holidays and it was a break in routine that their young children did not understand.

other findings

moving towns/areas

As a newcomer to Wellington with two little ones, the children's centre has been invaluable with a warm welcome and introduction not only to the town but to the community

parent

The importance of the groups run by children's centres in creating social and support links between individual parents should not be under-estimated. In almost every setting people talked about being or having been new to a town or area and that going to the groups had enabled them to put down roots, gain real friends and become a part of the community.

Parenting can be an isolating task where people can feel a huge loss of identity – these groups were described as crucial in maintaining calm and positive parenting and getting help when required.

The [Glastonbury Hub]'s great - all the mums have made me so welcome and helped me out with clothes and stuff because I'm new to the area. The mums have taken me to a café for a coffee. There's an outdoor play area that you never get [at other drop in sessions]. Glastonbury is a very welcoming place and having a place like this supports that. Because it's in the library mums stay on and then read to their kids.

parent



new parents

This is even more so for those new to parenting. Many people talked about how challenging they have found it become a parent and several described their children's centre as a 'lifeline'.

[We need] ...specific advice and support for brand new parents in the first 12 weeks of becoming a parent. That time is tough and the right support can mean the difference between 1) preventing post natal depression or not and 2) whether a new mum perseveres with breastfeeding or changes to bottle feeding formula etc

Service user

Parents were not always routed smoothly towards these groups – those who were breastfeeding had typically been told about the breastfeeding group, but others said they did not know about services, or hadn't really understood they were for them. Many happened on the services by chance or word of mouth.



pathways

Following the new parent groups, parents again reported struggling with where to go next:

Somerset have really good groups from 0-1 but then there's a gap until they start school. Early walkers got booted out the group at age 10 months and there was nothing else apart from the church groups that you find. At Reckleford they had one session a week for toddlers, but that's it. It all falls off the radar after they start walking. I appreciate they have to have groups for young mums, single mums and so on, but if you don't fall into a category then you don't fall into any service.

parent

Many parents talked about not knowing what comes next, that there is not enough in the local area for young children unless there are specific needs. Their view was that being a parent is in itself a specific need, and that without the provision of support this can create demand for more intense services and/or make life difficult for parents or even children.

I would be happy to see a lot more activities/ clubs for younger children. I have a 7 year old boy who does a lot of clubs. He does swimming, taekwondo, cycling club and he is also taking part in recorder lessons too... Open up the village halls and do children's clubs. On a Monday painting, Tuesday counting, Wednesday socialising...

parent

barriers

A common complaint during the open days and discussion groups was the focus of groups meant they could not attend with siblings. The groups that are run should be adaptable to family situations.

We spoke to a small number of stay-at-home fathers during the consultation but there were common views about their experience. While welcomed in the predominantly female groups, they felt different and had a need to share their experiences with one another.

I've hinted for a father's only group as I'm a father in my forties with a three year old girl and there's not many people in my situation.

Parent

The little things matter and several parents described feeling unwelcome at children's centres because they had brought their buggy. Parents then struggled to unload what they needed, especially if they had more than one child.

Volunteering

In many places it was clear that parents feel ownership of the groups. At one discussion forum a Peer Supporter had run the group for six years and described her experience of changes in supervisor, lack of actual supervision and autonomy. The other parents were very positive about her and the session was very welcoming with tea, coffee and even homemade cake.

People are fine to volunteer to run a group. They give out questionnaires to people about getset to see if they want to volunteer their time. I said yes and it never got followed up. They could have volunteers coming out their ears

parent

There was some caution that joining up could be used as an excuse to reduce the overall service available to families and several comments about the risk of passing responsibilities to the voluntary and community sector without adequately supporting such services.

Community groups can't do everything - eg I am running a community allotment group who had referrals in relation to active drug users where we just do not have the skills to respond to need. There's so much scope for misinformation, e.g. in relation to breastfeeding

Member of public

the future

Parents, staff, organisations and the wider public were in general keen to hear more about the proposed changes before implementation. Some requested final, costed proposals with an analysis of the impact. Others are willing to be part of the ongoing change process, helping choose the venues, thinking about what is needed and joining up the approach with other services in Somerset.

This is an on-going conversation!

dialogue, chimmels, dartington hall, totnes, TQ9 6EQ

07921 015 176

dialogueltd.co.uk

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APPENDIX 2

Our Response to the Family Support Service Consultation

Somerset County Council would like to thank everyone who contributed to the Family Support Service consultation. Nearly 850 people took part in the consultation, with 488 responding via the consultation questionnaire; it has provided vital information which will help to develop services in Somerset and inform those making decisions. Some of your suggestions will be used directly in the development of the Family Support Service. Some of the information you gave us may not be in scope of the Family Support Service at this time, however we will use it to shape future service developments and community engagement.

Below we have summarised the most common comments made through the consultation and responded to them, grouping them under the key themes of integration, focussing spend on services not buildings, and the use of technology and online information.

In addition we have responded to some of the issues you raised about your local area.

1. Integration

Summary- Integration was seen as a good thing. Respondents liked the idea of 'one service' and only having to register once.

You said	Our Response
You wanted to know how services would be joined up	We are planning to integrate our public health nursing service (Health Visiting and School Nursing) with existing getset service (which includes our children's centre and family support services). Whilst they have been separate teams that worked closely we now wish to fully integrate them into one team. This provides an opportunity to maintain the unique skills of health and family support professionals, whilst delivering more seamless services for families, children and young people (from 0-19 (and up to 25 years for children with special educational needs and/or disabilities).
You wanted more clarity on the model and how this will achieve savings.	Running separate services with similar approaches and objectives supporting similar groups of people does not make sense. We know there is duplication and overlap of some activities and processes which can be confusing for families and costs more than it should. Having one service can increase efficiency e.g. teams will no longer have to refer families to each other which they do now. We can save money by co-locating staff in a smaller number of buildings, and reduce management and

	<p>support services costs.</p> <p>It's well-known that councils have less money. We want to reduce spending on running buildings so that we can invest in the services and support.</p>
<p>Why is the Council not being more ambitious and integrating more services than just Public Health Nursing and getset?</p>	<p>The intention has always been for greater integration across more support services in the long-term; this is just the first phase.</p> <p>However it is important we get this part right, before we integrate more services in the future, following further consultation with partners, families and professionals.</p>
<p>You would be happy if your information was shared between professionals, not just children's centres but with GPs as well.</p>	<p>Confidentiality is an important principle that makes people feel safe in sharing their concerns and asking for help. Likewise, information sharing can be beneficial for families in improving the support they receive (e.g. only telling your story once). However, information sharing is subject to a number of pieces of legislation and in most cases requires your consent. This will not change with the development of integrated services.</p>
<p>You wanted to choose who your information was shared with.</p>	

2. Investing in services not buildings

Summary- It was clear that people valued the services they had received, which in some cases had been nothing short of life changing, and are looking for some assurance that these services will continue and be improved. Some respondents expressed a lack of trust in the council, perceiving de-designation of some children's centre buildings as a loss of vital services.

You said	Our response
<p>What works best is long term stable support and advice.</p>	<p>We agree and believe that having an integrated service which provides services for families with children from 0-19 (up to 25 with SEND) will improve consistency so families can access support if and when they feel they need it.</p>
<p>Having a building is a sign of reassurance of the Council's commitment to deliver services.</p>	<p>We understand that people associate buildings with services. However, we can reassure you that the changed status of buildings in the proposals would not mean a reduction in the service. A reduction in the buildings funded and maintained by the council would not reduce services available.</p>

	<p>Regular support and activities are already being delivered in more than 100 locations across the county, the majority of them outside children’s centres. This would continue and we would look to develop this in response to the local need.</p> <p>All the universal and targeted support – such as Health Visitor support – will continue in community venues and people’s homes.</p> <p>Without the overheads of maintaining buildings we can be more flexible in the services we provide across all communities, not just those that currently have a children’s centre building in them.</p> <p>The de-designation of a children’s centre means that the building can be used more flexibly, and offer support to older children, above 5 years of age. We are committed to the buildings still being used to support children, young people and families, where a need exists. For example in areas where there is a shortage of nursery and school places the buildings can be used to extend early education and school provision. We know also that these buildings were designed with younger children in mind; the new plans will allow us to think about how we support families with older children.</p> <p>We have seen a decline in families using buildings with drop-in, open access from 9am to 5pm just for one service, preferring instead to come in when there are planned groups or activities underway.</p> <p>South Somerset, Mendip, Taunton and West Somerset District Councils have offered support in considering how we join up open access family and community support which could be shared across a number of services and therefore share costs. We will be following this up during 2018.</p>
<p>Unfit venues show a lack of value in parents.</p>	<p>We value the hard work of parents. It is essential that the venues we use are comfortable, welcoming, appropriate and safe. We want to find the most appropriate and accessible delivery points. This may be in your own home or you may choose to access our services in community venues.</p> <p>We want to also (in your words) ‘think outside the box’ and take advantage of the wonderful natural landscape Somerset offers e.g. beaches, forests and fields.</p>

<p>Staff and parents are happy to help in finding venues.</p>	<p>This is fantastic news and we would like to take you up on the offer. We know that you know your community better than we do. If the offer still stands please contact: FamilySupportService@somerset.gov.uk You could also join one of the Early Help Area Advisory Boards that support early help activity across Somerset.</p>
<p>You would like to see more services, particularly for younger children, and for those services to be accessible by foot (and buggy).</p>	<p>The Family Support Service will work in conjunction with other local services, voluntary groups, parent groups and organisations working with families. This rich picture provides families with choice and it is important that local groups, independent of the county council, are encouraged and enabled to develop in response to identified local need.</p>

3. Making use of technology

Summary- A high proportion of parents have internet access these days. In fact you told us that 94% of respondents in Somerset have a mobile phone and 88% have internet access.

You said	Our response
<p>Parents are willing to use the internet to find how they can access services and what is on in their local area.</p>	<p>We understand it is important to have up to date on-line information about services and we will ensure this information is available through Somerset Choices.</p>
<p>Parents are keen to have an on-line social media forum which provides good quality advice on parenting e.g. facilitated by the health visiting service.</p>	<p>This is a great idea and we have started to have more of a social media presence with some of our existing services. Taking the information you have given us we plan to build upon this.</p>
<p>You preferred to have individual interventions or consultations delivered face to face and not on-line. However some people said that telephone support is often welcomed.</p>	<p>We will not replace face-to-face support with online interventions for families, and we will ensure that telephone support is also available. We do know however, that certain groups (such as young people) do like on-line resources and evidence-based online “apps” have proved successful in other areas.</p>

What did you say about your local area?

People raised the following issues specific to their district of Somerset.

Sedgemoor

You said	Our response
<p>Travelling across Bridgwater is challenging and having support locally is important.</p>	<p>The changed status of buildings in the proposals would not mean a reduction in service.</p> <p>A reduction in buildings funded and maintained by the council would not reduce the services available.</p> <p>There are more than 80 regular support services and activities being delivered in from more than 40 locations in Sedgemoor, including many in Bridgwater. This would continue and we would look to develop this in response to the local need.</p> <p>As well as this, all the universal and targeted support – such as Health Visitor support – will continue in community venues and people’s homes.</p> <p>We expect to see this develop and grow in response to the changing needs of the local communities.</p>
<p>Some parents do not know about services going on in their area.</p>	<p>We will maintain up to date information on-line via Somerset Choices and ensure all our staff and families know how to access it so it can be shared far and wide. Whatever proposals are taken forward, nothing would happen immediately and we will be ensuring that the current services can continue uninterrupted, seeking suitable alternative venues where needed.</p>
<p>The range of provision is too small and the proposals will reduce it further.</p>	<p>There is no intention to reduce the support and services available.</p> <p>The regular services and activities being delivered from more than 40 locations would continue, as would all the universal and targeted support – such as Health Visitor support – will continue in community venues and people’s homes.</p> <p>We expect to see this develop and grow in response to the changing needs of the local communities.</p> <p>We will provide information about what is available across the area, and this will be continually reviewed</p>

	with the local Early Help Advisory Board to ensure local needs are met as far as possible. Our aim is not to reduce support but to ensure there is a more co-ordinated approach across public, private, voluntary and community activities that meets family needs.
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Taunton Deane

You said	Our response
<p>The loss of a buildings in Wellington and Bishops Lydeard is a concern as the buildings are viewed as part of the community and essential to forging local links</p>	<p>A number of universal and targeted groups are established in Wellington and Bishops Lydeard and these will continue according to needs of local children and families.</p> <p>We have met with Wellington Town Council and are keen to explore with them and other partners possible venues for early childhood services and support in Wellington.</p> <p>Discussions with Bishops Lydeard Village Hall Committee have taken place and they are exploring how the building could be used for the wider community, potentially with improved nursery provision to meet SCC’s statutory duty for early years.</p> <p>Whatever proposals are taken forward, nothing would happen immediately and we will be ensuring that the current services can continue uninterrupted, seeking suitable alternative venues where needed.</p>
<p>The proposals for Taunton Deane appear to be designed around existing buildings rather than local need.</p>	<p>All the proposals are based on local need data and information, and we are keen to ensure we fully utilise council buildings for flexibility than rent other buildings.</p> <p>We would also consider other community venues. There are nearly 60 regular support services and activities being delivered from more than 20 locations in Taunton Deane and this would continue, as well as the all the universal and targeted support – such as Health Visitor support –in community venues and people’s homes.</p> <p>We expect to see this develop and grow in response to the changing needs of the local communities.</p>
<p>Other groups utilise children’s centre buildings e.g. child</p>	<p>These groups should continue to run, either in the existing locations or in new delivery points.</p>

<p>minders and parent run groups. What will happen to these groups?</p>	<p>Whatever proposals are taken forward, nothing would happen immediately and we will be ensuring that the current services can continue uninterrupted, seeking suitable alternative venues where needed.</p>
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West Somerset

<p>You said</p>	<p>Our response</p>
<p>Travelling across the district is difficult.</p>	<p>We understand this is an issue in rural areas. One of the main ideas behind the proposals is making services easier to access and that families will not need to travel to receive a service.</p> <p>There are around 50 regular support services and activities being delivered from nearly 30 locations in West Somerset and this would continue, as well as the all the universal and targeted support – such as Health Visitor support – in community venues and people’s homes.</p> <p>We expect to see this develop and grow in response to the changing needs of the local communities.</p>
<p>Existing centres where co-location happens is seen to have a positive impact.</p>	<p>This is good feedback and a key aim of this programme so we can co-locate as many staff as possible.</p>
<p>Alcombe Children's Centre is big enough to accommodate many different services and is located near the supermarkets where the majority of the residents in West Somerset do their food shopping. Families would therefore not necessarily have to make a separate journey to access our services as they would have to in Williton.</p>	<p>We do not expect families from Minehead to travel to Williton to access services. There is and will continue to be a range of support delivered in Minehead.</p> <p>The Alcombe Centre is owned by West Somerset Council (WSC) and leased by the County Council. In recognition of the feedback both Somerset County Council (SCC) and West Somerset Council (WSC) are committed to supporting integrated family support services at the Alcombe Centre. Working with partners we would like to extend early childhood and other community services where appropriate. Proposals are currently being jointly explored and the local community and other stakeholders will be kept informed of developments.</p>

South Somerset

You said	Our response
<p>There is dissatisfaction with a reduction of centres over such a large district. Particular concern was raised about increasing poverty in Chard and parts of Yeovil.</p>	<p>We understand that people associate buildings with services. However, we can reassure you that the changed status of buildings in the proposals would not mean a reduction in service. A reduction in buildings funded and maintained by the council would not reduce the services available. There are more than 60 regular services and activities being delivered from nearly 30 locations in South Somerset.</p> <p>This would continue and we would look to develop this in response to the local need.</p> <p>All the universal and targeted support – such as Health Visitor support – will continue in community venues and people’s homes.</p> <p>Yeovil and Chard are among the areas highlighted by the consultation as needing work and planning.</p> <p>A number of universal and targeted groups are established in Chard and these will continue according to needs of local children and families. During 2018/19 we will explore the use of other more appropriate venues in Chard. Similarly in Yeovil there are a number of venues and organisations offering support services now.</p> <p>We agree there is more work to do. We will work with partners including South Somerset District Council to explore how we could join up the Family Support Service with other open access support, which could be shared across a number of services.</p>
<p>Existing services do not sufficiently address the needs of the villages and rural areas and it is hoped this is addressed in new proposals.</p>	<p>One of the key aims of the proposals is to make it easier for people to access the support they need, especially those who need it most.</p> <p>There are more than 60 regular services and activities being delivered from nearly 30 locations in South Somerset and we will be looking to develop this. Having services that are not dictated by the buildings means we can be more flexible in the way we deliver services particularly in rural communities that may not have an existing children’s centre.</p>

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Mendip

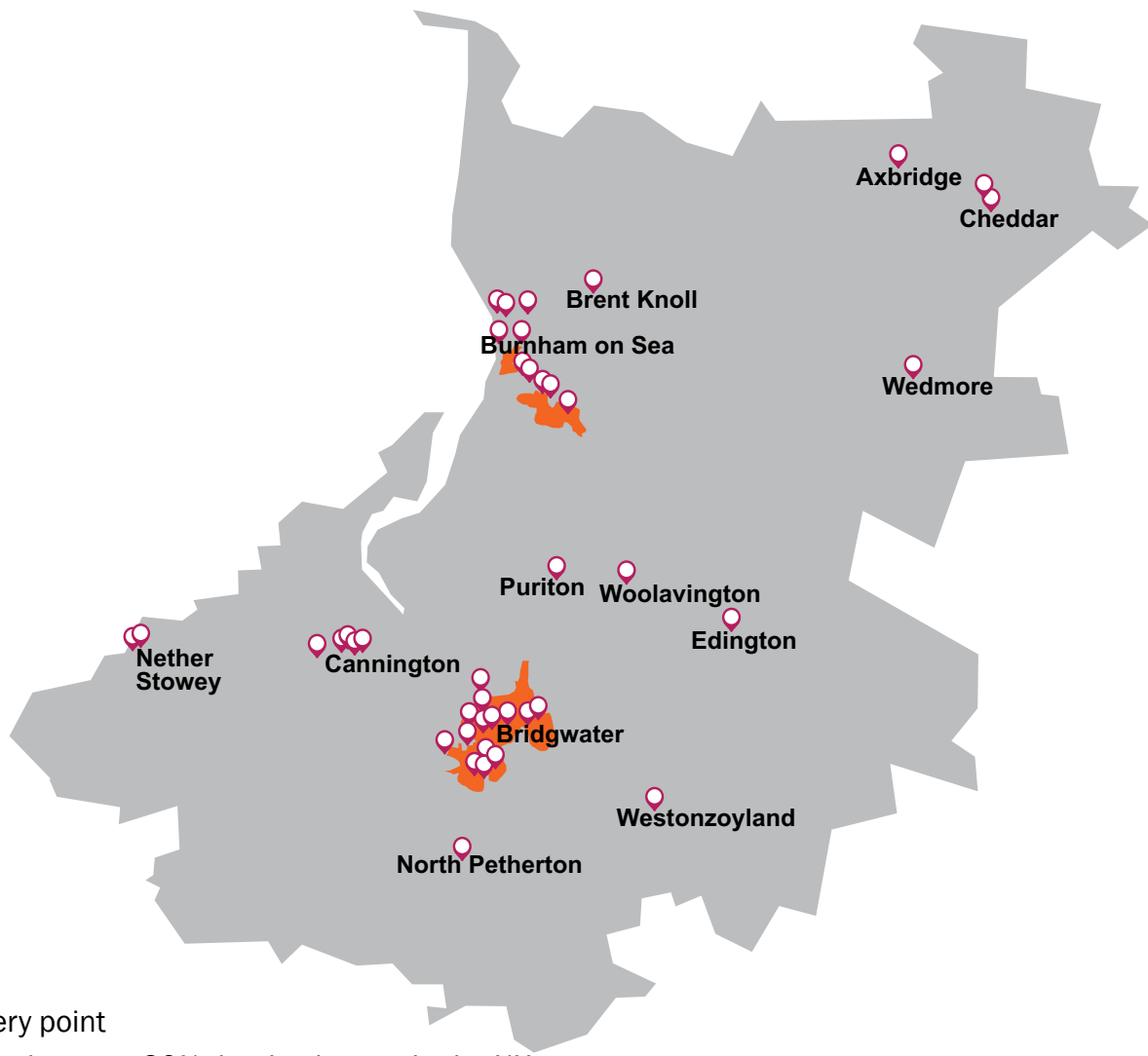
You said	Our response
<p>There are concerns that no family hub building in Shepton Mallet will mean fewer services in this area.</p>	<p>The changing status of buildings does not mean a reduction in services and support and we will be looking in more detail at the area and the community venues that are available.</p> <p>Mendip District Council has expressed an interest in exploring how we can join up the Family Support Service with other open access support, which could be shared across a number of services. Staff from all services are currently based in Shepton Mallet and deliver universal and targeted groups in the town.</p> <p>Work is currently underway and due to complete in 2018 for the Family Support Service to use Highfield House within “Shape Mendip” hub, essentially replicating what was offered in the House Children’s Centre previously.</p>

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Early Childhood support and services on offer in Somerset

Sedgemoor



Key:

Delivery point

Within the most 30% deprived areas in the UK

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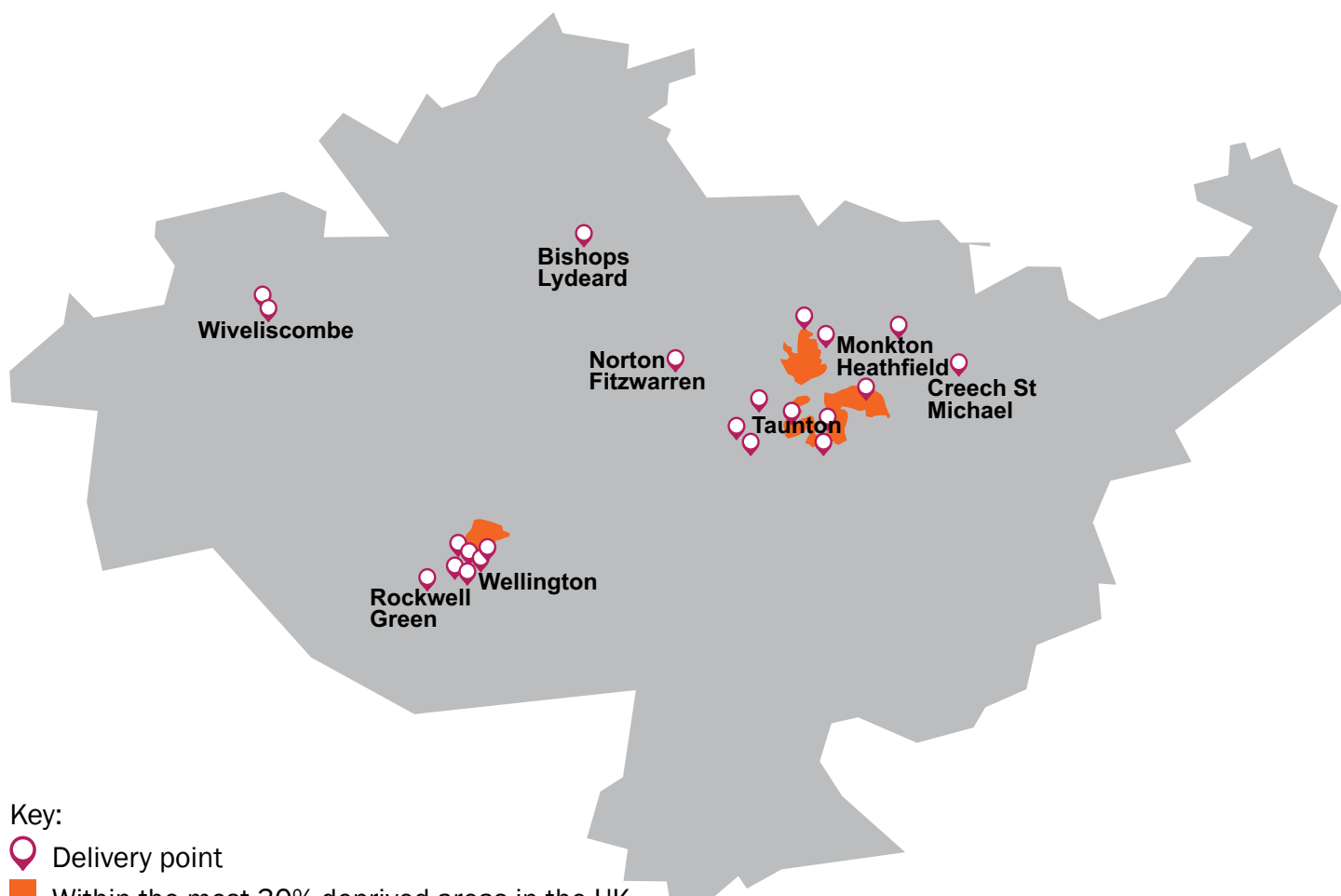
- Nurseries and childminding - this can be found at: <https://www.somersetchoices.org.uk/family/information-and-advice/childcare/>
- School-based services
- Parenting programmes which are run on an ad-hoc basis
- Joint activities with the Library Service

Groups	Day	Delivery Points
Childminder Drop In	3rd Mon	Sydenham Children's Centre, Bridgwater
Rising Stars	Last Mon	Sydenham Children's Centre, Bridgwater
Baby Loss Group - Mel Scott	Mon	Sydenham Children's Centre, Bridgwater
Healthy Child Clinic	Tues	Sydenham Children's Centre, Bridgwater
Bumps and Babes	Thur	Sydenham Children's Centre, Bridgwater
Stay Play and Learn	Fri	Sydenham Children's Centre, Bridgwater
Stay Play and Learn	Tues	Highbridge Children's Centre, Highbridge
Bumps & Babes	Tues	Highbridge Children's Centre, Highbridge
PEEP (0-12 months)	Tues	Highbridge Children's Centre, Highbridge
PEEP (12-24 months)	Tues	Highbridge Children's Centre, Highbridge
Baby Oasis	Thur	Highbridge Children's Centre, Highbridge

Continence Clinic	Thur	Highbridge Children's Centre, Highbridge
Youth Club	Thur	Highbridge Children's Centre, Highbridge
Young Parents	Mon	Victoria Park Community Centre, Bridgwater
Baby Oasis	Tues	Victoria Park Community Centre, Bridgwater
Digital Link ICT classes	Tues	Victoria Park Community Centre, Bridgwater
Healthy Child Clinic	Thur	Victoria Park Community Centre, Bridgwater
Disco Duck (pre school dance class)	Thur	Victoria Park Community Centre, Bridgwater
Healthy Child Clinic	Mon	Axbridge Medical Centre, Axbridge
Parent & Toddler	Wed	Baptist Church Hall, Burnham On Sea
Brent Knoll Toddlers	Tues	Brent Knoll Methodist Church, Brent Knoll
Speckled Lambs	Tues	Bridgwater Arts Centre, Bridgwater
Sexual Health Clinic - full clinic with all services provided		Bridgwater College Academy, Bridgwater
Sexual Health Clinic - full clinic with all services provided		Brymore Academy, Bridgwater
Buggy Boot Camp	Tues	Burnham Scout Group, Burnham on Sea
Buggy Boot Camp	Thur	Burnham Scout Group, Burnham on Sea
Toddler Group	Mon	Cannington Church, Cannington
Healthy Child Clinic	Wed	Cannington Medical Centre, Cannington
Cannington Babes & Tots	Tues	Cannington Village Hall, Cannington
Sexual Health Clinic - full clinic with all services provided		Chilton Trinity School, Bridgwater
Baby Ballet	Mon	Dancefit, Westmans Trading Estate, Burnham on Sea
Boogie Babies	Tues	Dancefit, Westmans Trading Estate, Burnham on Sea
Boogie Boppers	Tues	Dancefit, Westmans Trading Estate, Burnham on Sea
Boogie Boppers	Wed	Dancefit, Westmans Trading Estate, Burnham on Sea
Healthy Child Clinic	Wed	Edington Surgery, Edington
Childminder Drop In	Mon	Hamp Infants School, Bridgwater
Sexual Health Clinic - full clinic with all services provided		Haygrove School, Bridgwater
Holy Trinity Toddlers	Mon	Holy Trinity Church, Hamp, Bridgwater
Hamp Toddler Group	Mon	Holy Trinity Church, Hamp, Bridgwater
Moo Music	Mon	Holy Trinity Church, Hamp, Bridgwater
Holy Trinity Toddlers	Wed	Holy Trinity Church, Hamp, Bridgwater
Digital Link ICT classes	Wed	Kingsdown Pavilion, Bridgwater
Music With Mummy	Mon	Kingsdown Pavillion, Bridgwater
Jolly Babies	Mon	Kingsdown Pavillion, Bridgwater
Recreational Gymnastics Club	Tues	Monarchs Gym, Burnham on Sea
Gym Tots	Mon	Monarchs Gym, Highbridge
Gymnastics Club	Mon	Monarchs Gym, Highbridge
Gym Tots	Thur	Monarchs Gym, Highbridge

Pre-School Gymnastics	Thur	Monarchs Gym, Highbridge
Job Club	Thur	Moorland Hall, Highbridge
Healthy Child Clinic		Nether Stowey Centre, Nether Stowey
Nether Stowey Toddlers	Tues	Nether Stowey Village Hall, Nether Stowey
Nother Stowey Toddlers	Tues	Nether Stowey Village Hall, Nether Stowey
Healthy Child Clinic	Tues	North Petherton Community Centre, North Petherton
Wobbly Walkers Toddler	Thur	North Petherton Community Centre, North Petherton
Healthy Child Clinic		Puriton Sports Hall, Puriton
Sexual Health Clinic - full clinic with all services provided		Robert Blake Science College, Bridgwater
Splat Messy Play	Tues	Sea Cadet Hall, Bridgwater
Splat Messy Play	Wed	Sea Cadet Hall, Bridgwater
Digital Link ICT classes	Wed	Sedgemoor Citizens Advice Bureau, Bridgwater
Counselling	Thur	Somewhere House, Burnham on Sea
Job Club	Wed	Sunny Side Up Café, Hamp, Bridgwater
Music With Mummy	Tues	The Avenue Tennis Club, Burnham on Sea
Three, Four Time	Tues	The Avenue Tennis Club, Burnham on Sea
Jolly Babies	Tues	The Avenue Tennis Club, Burnham on Sea
Music With Mummy	Tues	The Avenue Tennis Club, Burnham on Sea
Music With Mummy	Wed	The Avenue Tennis Club, Burnham on Sea
Three, Four Time	Wed	The Avenue Tennis Club, Burnham on Sea
Jolly Babies	Wed	The Avenue Tennis Club, Burnham on Sea
Music With Mummy	Thur	The Avenue Tennis Club, Burnham on Sea
Jolly Babies	Thur	The Avenue Tennis Club, Burnham on Sea
Healthy Child Clinic	Thur	The Bay Club, Burnham on Sea
Sexual Health Clinic - full clinic with all services provided		The King Alfred School, Highbridge
Sexual Health Clinic - full clinic with all services provided		The Kings of Wessex Academy, Cheddar (In negotiation to commence January 2018 all services)
Baby Oasis	Mon	The Valley Centre, Cheddar
Healthy Child Clinic	Wed	The Valley Centre, Cheddar
Baby Café	Mon	United Reform Church, Cannington
Healthy Child Clinic	Tues	Wedmore Medical Centre, Wedmore
Westfield Toddlers	Mon	Westfield United Reformed Church, Bridgwater
Childminder Drop In	Tues	Westfield United Reformed Church, Bridgwater
Westfield Toddlers	Wed	Westfield United Reformed Church, Bridgwater
Healthy Child Clinic	Wed	Woolavington Medical Centre, Woolavington
Healthy Child Clinic	Wed	YMCA, Hamp, Bridgwater
Healthy Child Clinic		Young Farmers Hall, Westonzoyland

Taunton Deane



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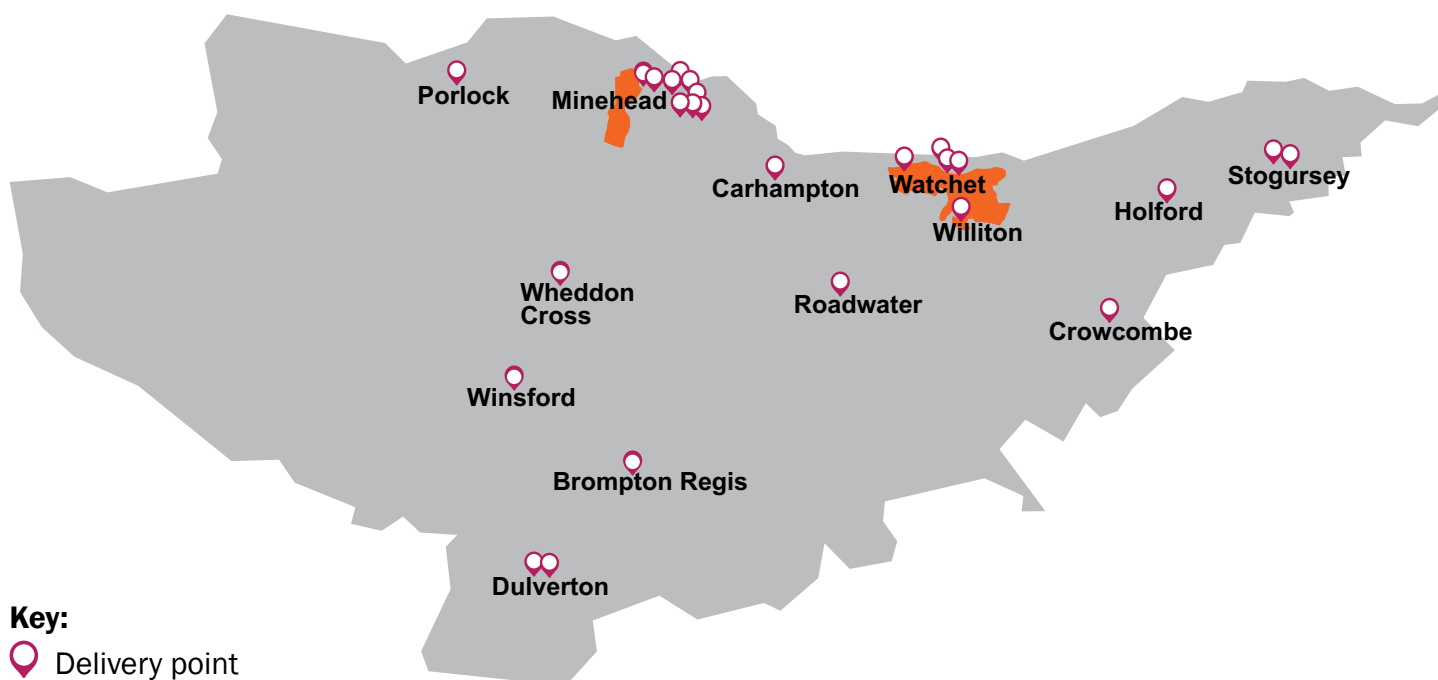
- Nurseries and childminding - this can be found at: <https://www.somersetchoices.org.uk/family/information-and-advice/childcare/>
- School-based services
- Parenting programmes which are run on an ad-hoc basis
- Joint activities with the Library Service

Groups	Day	Delivery Points
Bounce & Rhyme	Mon	Hillside Children's Centre, Taunton
Bumps & Babes	Tues	Hillside Children's Centre, Taunton
Chill & Chat	Tues	Hillside Children's Centre, Taunton
Stay Play and Learn	Thur	Hillside Children's Centre, Taunton
Health Visitor Clinic	Thur	Hillside Children's Centre, Taunton
Kinship Carers	Fri	Hillside Children's Centre, Taunton
Breastfeeding Support	Mon	Acorn's Children's Centre, Taunton
Health Visitor Clinic	Mon	Acorn's Children's Centre, Taunton
Stay Play and Learn	Mon	Acorn's Children's Centre, Taunton
PEEP (12-24 months)	Tues	Acorn's Children's Centre, Taunton
Citizens Advice Bureau	Tues	Acorn's Children's Centre, Taunton
Counselling	Tues	Acorn's Children's Centre, Taunton



Employment support	Wed	Acorn's Children's Centre, Taunton
Chill & Chat	Thur	Acorns Children's Centre, Taunton
Twins & Multiples Group	Thur	Acorns Children's Centre, Taunton
Community litter pick	Sat	Acorn's Children's Centre, Taunton
Young Parent Antenatal Group	Tues	The Hollies, Taunton
Young Parents Group	Tues	The Hollies, Taunton
Childminder Drop In	Thur	The Hollies, Taunton
Wise Hippo Birthing Programme	Thur	The Hollies, Taunton
Health Visitor Clinic	Fri	The Hollies, Taunton
Twins & Multiples Group	Mon	Wellington Children's Centre, Wellington
Childminder Drop In	Mon	Wellington Children's Centre, Wellington
The Nest (Breastfeeding Support)	Tues	Wellington Children's Centre, Wellington
Play Therapy	Tues	Wellington Children's Centre, Wellington
Health Visitor Clinic	Wed	Wellington Children's Centre, Wellington
Busy Bees Baby & Toddler Group	Thur	Wellington Children's Centre, Wellington
Childminder Drop In	Mon	Bishops Lydeard Children's Centre, Bishops Lydeard
Health Visitor Clinic	Tues	Bishops Lydeard Children's Centre, Bishops Lydeard
Seedlings Stay & Play	Wed	Bishops Lydeard Children's Centre, Bishops Lydeard
Tiny Tots	Thur	Bishops Lydeard Children's Centre, Bishops Lydeard
Sexual Health Clinic - C Card sign up		Bishop Fox's Community School, Taunton
Childminder Drop In	Mon	Bishops Henderson School, Taunton
Health Visitor Clinic	Tues	Bishops Henderson School, Taunton
Sexual Health Clinic - full clinic with all services provided		Court Fields School, Wellington
Toy Library & Toddler Group	Mon	Friends Meeting House, Wellington
Toy Library	Sat	Friends Meeting House, Taunton
Sexual Health Clinic - C card sign-up, pregnancy testing,		Heathfield Community School, Monkton Heathfield
Sexual Health Clinic - full clinic with all services provided		Kingsmead School, Wiveliscombe
Triple P Parenting	Tues	Methodist Church, Wellington
Stay Play and Learn	Tues	Methodist Church, Wellington
Bright Sparks Toddler Group	Tues	Rockwell Green Christian Centre, Wellington
St John's Community Support Group for Adults	Wed	St Johns Church Hall, Wellington
Sexual Health Clinic - full clinic with all services provided		The Castle School, Taunton
Sexual Health Clinic - full clinic with all services provided		The SPACE, Monkton Heathfield
Sexual Health Clinic - full clinic with all services provided		The Taunton Academy, Taunton
Owl Baby Massage	Tues	The Villages, Creech St Michael

Health Visitor Clinic	Wed	The Villages, Creech St Michael
Community Stay & Play	Fri	Trident Community Hall, Galmington, Taunton
Stay, Play & Weigh	Wed	Village Hall, Norton Fitzwarren
Stay Play and Learn	Wed	Village Hall, Norton Fitzwarren
Bumps & Babes	Thur	Village Hall, Norton Fitzwarren
Bumps & Babes		Village Hall, Norton Fitzwarren
Chill & Chat	Wed	Wellington Medical Centre, Wellington
Citizens' Advice Bureau	Wed	Wellington Town Council Offices, Wellington
Stay Play and Learn	Wed	Wiveliscombe Community Centre, Wiveliscombe
Healthy Child Clinic	Wed	Wiveliscombe Community Centre, Wiveliscombe

West Somerset



Key:

-  Delivery point
-  Within the most 30% deprived areas in the UK

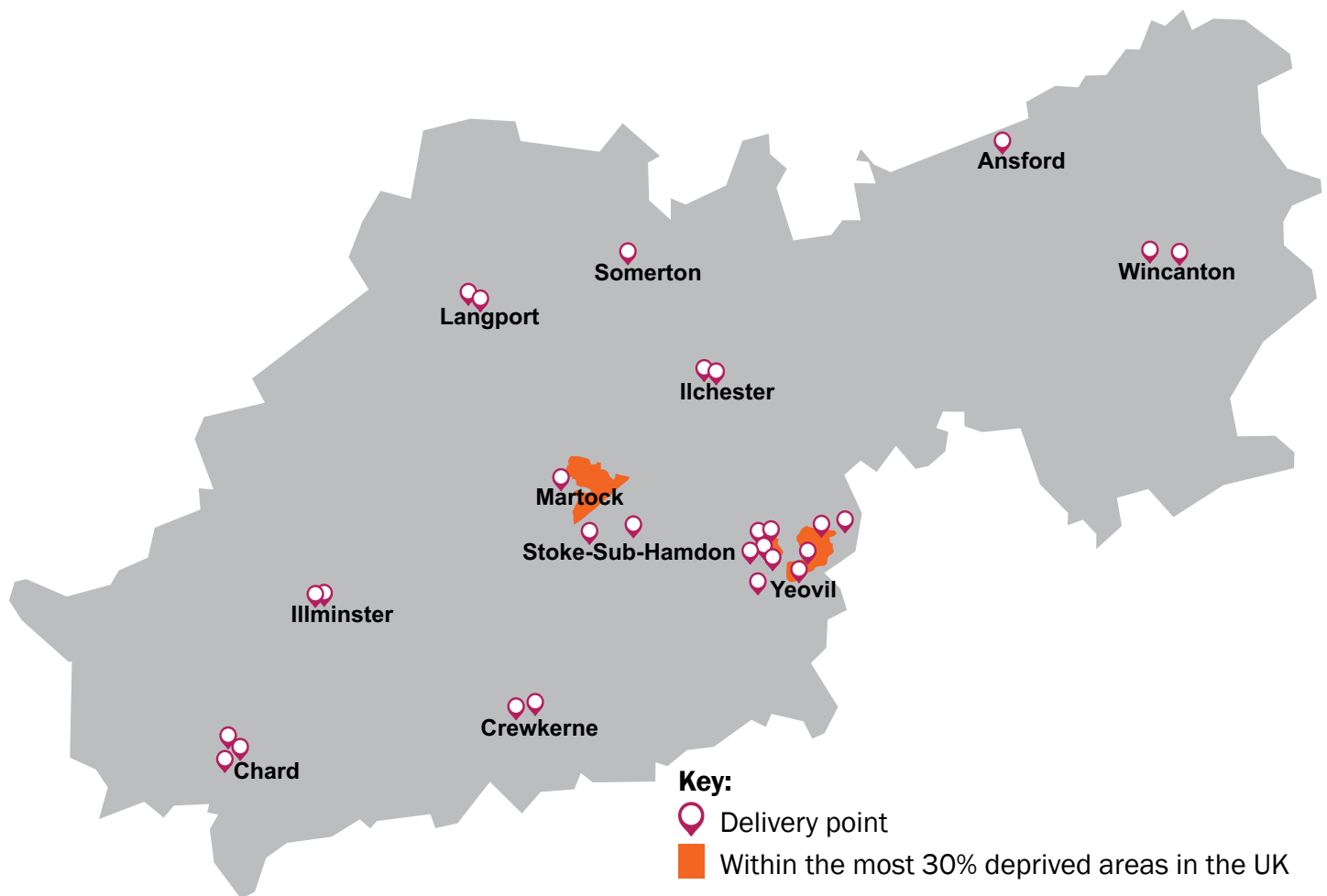
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- School-based services
- Parenting programmes which are run on an ad-hoc basis
- Joint activities with the Library Service

Groups	Day	Delivery Points
Grandparents Group	Mon	Williton Children's Centre, Williton
Community Employment Hub	Tues	Williton Children's Centre, Williton
Stay, Play & Weigh	Tues	Williton Children's Centre, Williton
Café Mama	Thur	Williton Children's Centre, Williton
Baby Yoga	Fri	Williton Children's Centre, Williton
Café Mama	Mon	Alcombe Children's Centre, Minehead
TiddlyPeeps	Mon	Alcombe Children's Centre, Minehead
Stay, Play & Weigh	Wed	Alcombe Children's Centre, Minehead
Childminder Drop In	Wed	Alcombe Children's Centre, Minehead
Baby Massage	Thur	Alcombe Children's Centre, Minehead
Community Meal	Wed	Beach Hotel, Minehead
Brompton Regis Baby & Toddler Group	Mon	Brompton Regis Village Hall, Dulverton
Community Employment Hub	Wed	Church Rooms, Stogursey
Toddler Group	Thur	Church Rooms, Stogursey
Dulverton Toddler Group	Tues	Congregational Church Hall, Dulverton
Crowcombe Baby & Toddler Group	Fri	Crowcombe Village Hall, Crowcombe
Healthy Child Clinic	Thur	Exmoor Medical Centre, Dulverton
Magna Weekly Drop-In Sessions	Thur	Fishersmead Community Room, Dulverton
Holford Coffee & Play	Thur	Holford Village Hall, Holford
Bumps & Babes	Mon	Knights Templar School Pool, Watchet

TAPS Swimming	Tues	Knights Templar School Pool, Watchet
Stay, Play & Learn	Tues	Knights Templar School Pool, Watchet
Parent Café	Fri	Knights Templar School Pool, Watchet
Millbridge Ducklings Baby & Toddler Group	Tues	Millbridge Evangelical Church, Minehead
Little Fishes (0-5 yrs)	Mon	Minehead Avenue Methodist Church, Minehead
Music With Mummy	Mon	Minehead Avenue Methodist Church, Minehead
Music With Mummy	Fri	Minehead Avenue Methodist Church, Minehead
Wild Walks	Wed	Minehead Eye, Minehead
Jump Start	Thur	Minehead Eye, Minehead
Diddy Dudes	Wed - Sat	Minehead Eye, Minehead
Porlock Baby & Toddler Group	Fri	Porlock Pavilion, Porlock
Pop-Up Play Session	Tues	Porlock Recreation Ground, Porlock
Baby Yoga	Fri	Quaker Hall, Minehead
Tumbling Toddlers	Thur	Recreation Centre, Carhampton, Carhampton
Roadwater Playgroup	Wed	Roadwater Village Hall, Roadwater
Stay, Play & Learn	Fri	Sainsbury Hall, Minehead
Music With Mummy	Wed	The Hub, Hopcott Road, Minehead
Baby & Toddler Group	Thur	The Hub, Hopcott Road, Minehead
Community Employment Hub	Fri	The Hub, Hopcott Road, Minehead
Community Employment Hub	Thur	The Sanctuary, Watchet
Community Meal	Fri	The Sanctuary, Watchet
Family Brunch	Sat	The Sanctuary, Watchet
Sexual Health Clinic - full clinic with all services provided		The West Somerset Community College, Minehead
Healthy Child Clinic	Mon	Village Hall, Stogursey
Stogursey Fun Playgroup	Mon	Village Hall, Stogursey
Tumbling Toddlers	Thur	Village Hall, Wheddon Cross
Mummie Fiit	Thur	Warren Bay Holiday Village, Watchet
Healthy Child Clinic	Wed	Watchet Doctors Surgery, Watchet
Winsford Playgroup	Mon	Winsford Village Hall, Winsford

South Somerset



The details here do not include:

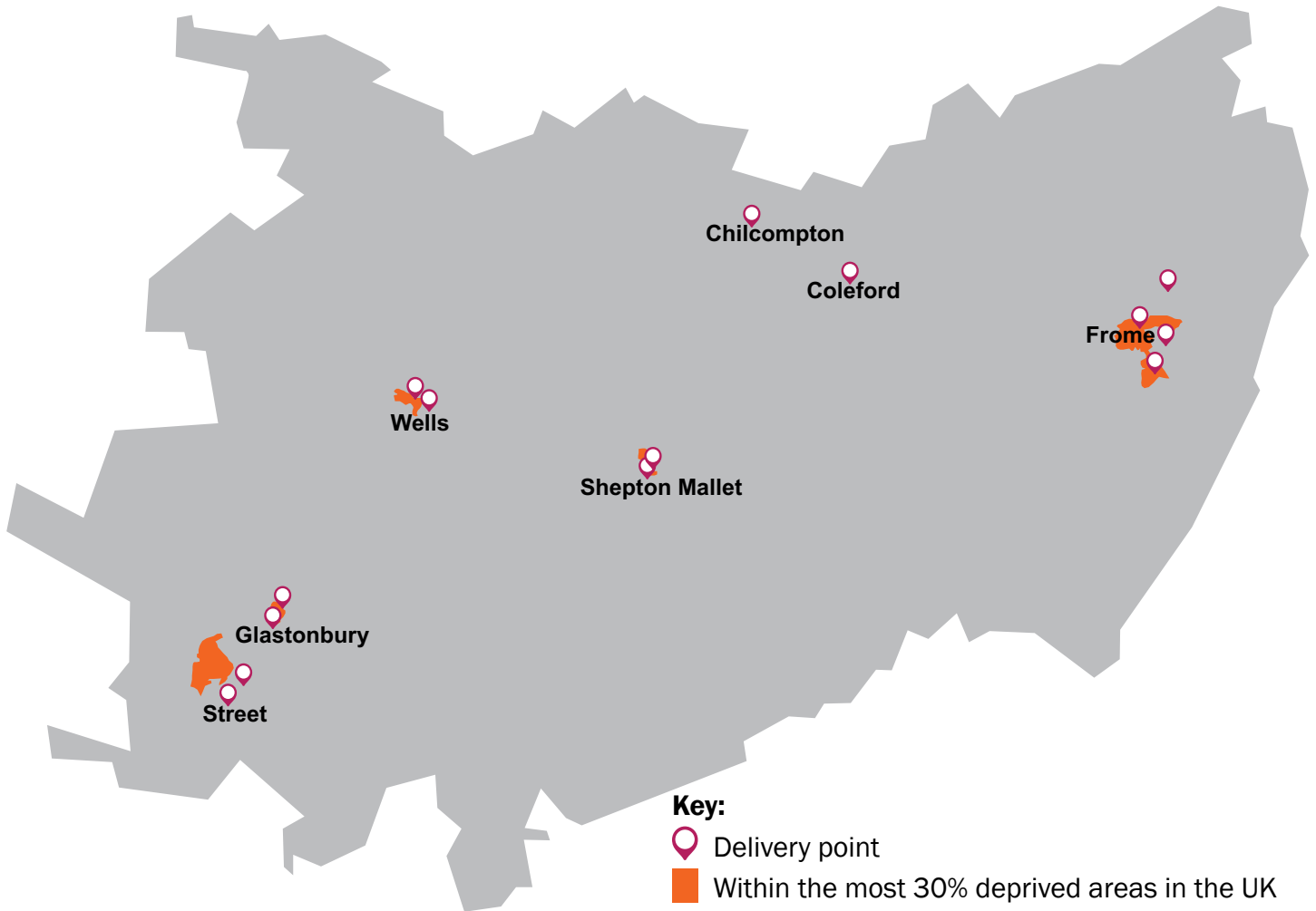
- Nurseries and childminding - this can be found at: <https://www.somersetchoices.org.uk/family/information-and-advice/childcare/>
- School-based services
- Parenting programmes which are run on an ad-hoc basis
- Joint activities with the Library Service

Groups	Day	Delivery Points
getset Café	Mon	Reckleford Childrens Centre, Yeovil
Breastfeeding Clinic	Mon	Reckleford Childrens Centre, Yeovil
Young Parents Group	Tues	Reckleford Childrens Centre, Yeovil
Drop In Health Clinic	Thurs	Reckleford Childrens Centre, Yeovil
Musical Babies	Fri	Reckleford Childrens Centre, Yeovil
Toddler PEEP	Fri	Reckleford Childrens Centre, Yeovil
Wyndham Park Baby Clinic	Tues	Birchfield Centre, Yeovil
Baby PEEP	Tues	Birchfield Centre, Yeovil
Child Development Review	Mon	Oaklands , Yeovil
Health Visitors Baby Group	Mon	Oaklands , Yeovil
Little Acorns Stay and Play	Tues	Oaklands , Yeovil
Baby Clinic	Wed	Oaklands , Yeovil
Childminder Support Group	Thurs	Oaklands , Yeovil
Stay, Play and Learn	Thurs	Oaklands , Yeovil
Baby Massage	Thurs	Oaklands , Yeovil

Child Development Review	Fri	Oaklands , Yeovil
Baby PEEP	Mon	Chard Centre, Chard
Toddler PEEP	Tues	Chard Centre, Chard
Childminder Support Group	Wed	Chard Centre, Chard
Music and Movement	Thurs	Chard Centre, Chard
Young parents	Thurs	Chard Centre, Chard
Baby Massage	Fri	Little Marsh , Ilchester
Baby Signing	Fri	Little Marsh , Ilchester
Childminder Support Group	Mon	The Balsam Centre, Wincanton
Breastfeeding Support Group	Mon	The Balsam Centre, Wincanton
Drop In and Child Health Promotion Clinic	Wed	The Balsam Centre, Wincanton
Parent Led Group	Thurs	The Balsam Centre, Wincanton
Sexual Health Clinic - full clinic with all services provided		Ansford School, Castle Cary, Ansford
Baby Signing	Mon	Ashlands , Crewkerne
Crocodile Rock	Mon	Ashlands , Crewkerne
Post Natal Group	Mon	Ashlands , Crewkerne
Childminder Support Group	Tues	Ashlands , Crewkerne
Baby Clinic	Tues	Ashlands , Crewkerne
Child Development Reviews	Thurs	Ashlands , Crewkerne
Child Development Reviews	Fri	Ashlands , Crewkerne
Midwife Drop-In	Fri	Ashlands , Crewkerne
Baby Massage	Fri	Ashlands , Crewkerne
Healthy Child Clinic	Wed	Chard Baptist Church, Chard
Little Explorers Playgroup	Fri	Court Room Ilchester Town Hall, Ilchester
Childminder Support Group	Wed	Greenfylde School, Ilminster
Baby Clinic Breastfeeding Drop In	Thurs	Greenfylde School, Ilminster
Healthy Child Clinic	Wed	Hamdon Medical Centre, Stoke Sub Hamdon
Mini Music	Fri	Holy Trinity Church, Yeovil
Sexual Health Clinic - some services, parent opt-out for enhanced sexual health services		Holyrood Academy, Chard
Sexual Health Clinic - full clinic with all services provided		Huish Episcopi Academy, Huish Episcopi, Langport
Buggy Walk	Fri	Ilchester Primary School, Ilchester
Baby Clinic	Wed	Ilchester Primary School Community Room, Ilchester
Post Natal Group	Wed	Ilchester Primary School Community Room, Ilchester
Sexual Health Clinic - full clinic with all services provided		King Arthur's Community School, , Wincanton
Stay, Play and Learn	Fri	Martock School, Martock
Healthy Child Clinic	Thurs	Methodist Church, Somerton
Preston Road Toddler Group	Fri	Preston Road Methodist Church, Yeovil
Sexual Health Clinic - C Card only		Preston School, Yeovil

Messy Church	Sat	St Peters Hall, Yeovil
Sexual Health Clinic - full clinic with all services provided		Stanchester Academy, Stoke Sub Hamdon
Chill n Spill	Fri	Tall Trees Community Centre, Ilchester
Well Baby Clinic	Tues	The Levels , Langport
Post Natal Group	Thurs	The Levels , Langport
Childminder Support Group	Fri	The Levels , Langport
Ante-Natal Clinic	Fri	The Levels , Langport
Sexual Health Clinic - full clinic with all services provided		Wadham School, Crewkerne
Sexual Health Clinic - full clinic with all services provided		Westfield Academy, Yeovil
Healthy Child Clinic	Tues	Wyndham Park Community House, Yeovil
Poppins Pre School	Fri	Yeovil Community Church, Yeovil

Mendip



The details here do not include:

- Nurseries and childminding - this can be found at: <https://www.somersetchoices.org.uk/family/information-and-advice/childcare/>
- School-based services
- Parenting programmes which are run on an ad-hoc basis
- Joint activities with the Library Service

Groups	Day	Delivery Points
Young Parents Day	Thurs	The Key Centre, Frome
Bumps and Babes	Tues	The Key Centre, Frome
Childminder Drop-In	Mon	The Key Centre, Frome
Panda's Post Natal Support Group	Mon	The Key Centre, Frome
Child Developmentals	Mon	The Key Centre, Frome
Portage Support Group	Tues	The Key Centre, Frome
Healthy Child Clinic	Tues	The Key Centre, Frome
Spirals PEEP - targeted group	Wed	The Key Centre, Frome
Breastfeeding Support Group	Wed	The Key Centre, Frome
FAST- Support group for children with Autism	Wed	The Key Centre, Frome
Child Developmentals	Wed	The Key Centre, Frome
Mendip Credit Union	Thurs	The Key Centre, Frome

Stay Play and Learn	Fri	The Key Centre, Frome
Smoking Cessation	Fri	The Key Centre, Frome
Childminder Drop-In	Mon	Glastonbury Hub, Glastonbury
Breastfeeding Group	Wed	Glastonbury Hub, Glastonbury
Healthy Child Clinic	Wed	Glastonbury Hub, Glastonbury
Glastonbury Police Beat Surgery	Wed	Glastonbury Hub, Glastonbury
Rhyme Time	Thurs	Glastonbury Hub, Glastonbury
Stay Play and Learn	Thurs	Glastonbury Hub, Glastonbury
Rhyme Time	Sat	Glastonbury Hub, Glastonbury
Baby Sing	Mon	The Link, Coleford
Breastfeeding Support Group	Tues	The Link, Coleford
Healthy Child Clinic	Tues	The Link, Coleford
Sexual Health Clinic - full clinic with all services provided		Crispin School, Street
Sexual Health Clinic - full clinic with all services provided		Frome Community College, Frome
Breastfeeding Group	Mon	Mission Church, Street
Healthy Child Clinic	Mon	Mission Church, Street
Toy Library	Tues	Portway Church, Frome, Frome
Young Parents Group	Thurs	Salvation Army Rooms, Shepton Mallet
Healthy Child Clinic	Thurs	Salvation Army Rooms, Shepton Mallet
Healthy Child Clinic	Tues	Seger Hall, Wells
Come and Play Toddler Group	Tues	Shepton Mallet Community Infants School, Shepton Mallet
Sexual Health Clinic - full clinic with all services provided		St Dunstan's Community School, Glastonbury
Sexual Health Clinic - full clinic with all services provided		The Blue School, Wells
Music with Mummy	Wed	The Mill Centre, Chilcompton
Healthy Child Clinic	Tues	The Village Hall, Chilcompton
Stay, Play and Learn	Tues	Vallis Community Rooms, Vallis School, Frome
Bumps and Babes	Thurs	Vallis Community Rooms, Vallis School, Frome
Healthy Child Clinic	Thurs	Vallis Community Rooms, Vallis School, Frome

Family Support Service and Children's Centres – Phase 1 implementation

Sedgemoor

Sydenham Children's Centre, Bridgwater

Fairfax Rd, Bridgwater TA6 4LS

Premises description

Building is held under a 99 year lease from Sedgemoor District Council (2097)
Purpose-built centre which is well placed and has facilities to support development as family centre*.

Proposal

Retain Sure Start designation.
Develop as a family centre and co-locate family support services staff (getset and Public Health Nursing).

Deliverability and timescale

Deliverable in 2018/19 with further development to widen the service offer when improvements and internal building alterations are completed.

Highbridge Children's Centre

7 Coronation Drive, Highbridge TA9 3JD

Premises description

Building is owned by SCC.
Purpose-built centre on Churchfield School site with adjacent nursery.
Well-placed and with good facilities to support development as a family centre.

Proposal

Retain Sure Start designation.
Develop as a family centre and co-locate family support services staff (getset and Public Health Nursing).

Deliverability and timescale

Deliverable in 2018/19 with potential for further development.

Victoria Park Children's Centre, Bridgwater

Victoria Park Drive, Bridgwater TA6 7AS

Premises description

Purpose-built centre on campus-style site with adjacent community and medical centres. Children's centre building is leased in, for use as a staff base and shared with Wyvern Nursery.

Proposal

Remove Sure Start designation.

Return premises management to the Community Centre Trust. There will be no impact on service delivery which takes place in next-door community centre.

Wyvern Nursery is unaffected and will continue to operate.

Staff to be based at Sydenham and Highbridge centres.

Deliverability and timescale

Deliverable in 2018/19 subject to negotiation with the Trust regarding surrender of the lease.

Hamp Children's Centre, Bridgwater

Rhode Lane, Bridgwater TA6 6JB

Premises description

Building is owned by SCC

Purpose built centre on Hamp Infants School site with adjacent nursery.

Proposal

Remove Sure Start designation and transfer the building to the school to support early years and school expansion and meet SCC school and early years sufficiency duty.

Appropriate delivery venues secured in local community to sustain family support provision.

Deliverability and timescale

Deliverable in 2017/18

Taunton Deane & West Somerset

Hillside Children's Centre, Taunton

Eastwick Road, Taunton TA2 7HD

Premises description

Building is held under a 99 year lease from Taunton Deane Borough Council (2104).

Purpose-built shared-use centre with privately-run nursery and SCC library on site. Remodelled in 2015 to enable nursery expansion and to accommodate the library. Major centre in area of significant need, well placed to serve wider community.

Proposal

Retain Sure Start designation.

Develop as a family centre and co-locate family support services staff (getset and Public Health Nursing). Nursery will continue to operate.

Explore wider community use working with the library service and other complementary services e.g. One Team, housing

Deliverability and timescale

Deliverable in 20108/19 with potential further development as partners co-locate. Requires internal alterations and improvements to support co-location.

Acorns Children's Centre, Taunton

110 Roman Rd, Taunton TA1 2BL

Premises description

Building is leased in for Taunton Deane Borough Council (until 2050)

Converted building to provide the centre.

Proposal

Retain Sure Start designation.

Develop as a family centre and co-locate family support services staff (getset and Public Health Nursing).

Continue to accommodate partners, including Halcon One Team and explore increased occupation by other partners.

Deliverability and timescale

Deliverable in 2018/19 with increased accommodation for Public Health Nursing staff.

Brock House Children's Centre, Norton Fitzwarren

Vilberie Close, Norton Fitzwarren TA2 6RS

Premises description

Building is leased in (until 2106)

Purpose built centre housing Brock House Nursery.

Proposal

Remove Sure Start designation and transfer the building via lease to the nursery to support expansion of early years provision in line with SCC sufficiency duty.

Deliverability

Deliverable in 2017/18

Hollies Children's Centre, Taunton

South St, Taunton TA1 3AG

Premises description

Building is owned by SCC

Purpose-built centre shared with Wyvern Nursery.

Proposal

Remove Sure Start designation and identify alternative uses alongside existing nursery provision which will continue to operate.

Deliverability and timescale

Deliverable in 2018/19 once alternative uses identified and necessary remodelling undertaken.

Wellington Children's Centre

Courtland Rd, Wellington TA21 8NE

Premises description

Building is owned by SCC.

Purpose-built centre on Beech Grove School site shared with Bouncy Bear Nursery.

Proposal

Remove Sure Start designation and transfer management to the nursery to support expansion and meet early years sufficiency duty.

Bouncy Bear Nursery is supportive of family support provision/ community hire being offered in remodelled centre.

Delivery of some activities is already provided in alternative venues; further venues for service delivery and staff accommodation will be secured.

SCC will explore with key partners including Wellington Town Council and Somerset Partnership NHS Foundation Trust other venues to potentially provide an enhanced early childhood support and services in Wellington.

Deliverability and timescale

Deliverable in 2018/19 once agreed implementation plan and transition arrangements are in place to move activities to other venues.

Bishops Lydeard Children's Centre

Mount St, Bishops Lydeard TA4 3LH

Premises description

Building is leased in (until 2060)

Purpose-built centre adjacent to village hall.

Proposal

Remove Sure Start designation and explore the transfer of the building to the Bishops Lydeard Village Hall Trustees to allow the building to be used to continue to meet local community needs as defined in the Village Hall's constitution. SCC will work with relevant users of the Village Hall Property (including the Children's Centre part of the building) to ensure early childhood and other associated services including the expansion of Early Years placements.

Deliverability and timescale

Deliverable by 2019/20

Williton Children's Centre

Killick Way, Williton TA4 4QA

Premises description

Building is leased in from West Somerset District Council (until 2026).

Purpose-built centre in good location with other local facilities nearby including a GP surgery, West Somerset Council offices and the library.

Proposal

Retain Sure Start designation.

Develop as a family centre and co-locate family support services staff (getset and Public Health Nursing).

Deliverability and timescale

Deliverable in 2018/19 with further expansion of the service offer to be developed as internal improvements are completed.

Alcombe Children's Centre, Minehead

Stephenson Rd, Minehead TA24 5EB

Premises description

Purpose-built centre owned by West Somerset Council, designed to accommodate the children's centre, early years and community provision. Part of the centre is occupied by SCC and shared with Cheeky Cherubs Nursery and health teams.

Proposal

Remove Sure Start designation.

Somerset County Council (SCC) and West Somerset Council (WSC) are committed to supporting integrated family support services at the Alcombe Centre.

Working with partners we would like to extend early childhood and other community services where appropriate. Proposals are currently being jointly explored.

Deliverability and timescale

Deliverable in 2019/20 with support from appropriate partners.

Little Vikings Children's Centre, Watchet

Knights Templar School, Liddymore Rd, Watchet TA23 0EX

Premises description

Building is owned by SCC

Purpose-built centre on school site, shared with nursery.

Proposal

Remove Sure Start designation and transfer the building to the school to support nursery expansion and meet SCC early years sufficiency duty.

Agreement in place for family support service delivery to continue on the school site, and additional delivery points available in Watchet during 2018/19.

Deliverability and timescale

Deliverable in 2017/18 with suitable delivery points in place.

South Somerset

Reckleford Children's Centre, Yeovil

Eastland Road, Yeovil BA21 4ET

Premises description

Building is owned by SCC.

Purpose built centre on Reckleford School site with adjacent nursery.

Well placed in area of very high need and has facilities to support development as family centre.

Proposal

Retain Sure Start designation.

Develop as a family centre and co-locate family support services (getset and Public Health Nursing).

Nursery will continue to operate.

Deliverability and timescale

Deliverable in 2018/19 with alterations required to accommodate additional staff.

Birchfield Children's Centre, Yeovil

Birchfield School, Birchfield Road, Yeovil BA21 5RL

Premises description

Building is owned by SCC.

Purpose-built centre on school site.

Proposal

Remove Sure Start designation and transfer building to the school with family support delivery on site and in the local community.

Deliverability and timescale

Deliverable in 2017/18.

Oaklands Children's Centre, Yeovil

Preston Grove, Yeovil BA20 2DU

Premises description

Building is owned by SCC.

Centre on Oaklands School site with adjacent Oaklands Nursery.

Proposal

Remove Sure Start designation and lease building to the nursery to provide additional places thereby meeting early years sufficiency duty.

Secure community venues for service delivery.

Deliverability and timescale

Deliverable in 2018/19 as appropriate community venues are secured and in use.

Chard Children's Centre

Clare House, Millfield, Chard TA20 2DA

Premises description

Centre leased from Chard Day Nursery in shared building.

Proposal

Remove Sure Start designation and secure alternative delivery venues in Chard. The nursery will continue to operate.

Identify appropriate staff accommodation through SCC or with Somerset Partnership NHS Foundation Trust.

Work with partners to develop family centre provision within Chard.

Deliverability and timescale

Alternative venues in place in 2017/18.

Family centre development requires suitable premises which will be explored by SCC working with other local partners.

Little Marsh Children's Centre, Ilchester

Illustrious Crescent, Ilchester BA22 8JX

Premises description

Building is owned by SCC

Purpose built centre on Ilchester Primary School site.

Proposal

Remove Sure Start designation and transfer centre to school to support expanded nursery provision, meeting early years sufficiency duty.

Deliverability and timescale

Deliverable in 2018/19.

Balsam Centre, Wincanton

Balsam Park, Wincanton BA9 9HB

Premises description

Converted and extended old school building run by charitable trust as health and wellbeing centre. Children's centre occupies identified area of building.

Proposal

Remove Sure Start designation and secure space for sessional delivery as necessary.

Deliverability and timescale

Deliverable in 2018/19

Mendip

The Key Centre, Frome

Christ Church First School, Feltham Lane, Frome BA11 5AJ

Premises description

Building is owned by SCC.

Purpose-built centre on school site, shared with school-run nursery.

Operates as multi-agency community centre. Existing relationships and facilities support development as family centre.

Proposal

Retain Sure Start designation.

Develop as family centre and co-locate Family Support Services (getset and Public Health Nursing)

Deliverability and timescale

Deliverable in 2018/19. Internal modelling required.

Glastonbury Children's Centre

1 Orchard Court, Archers Way, Glastonbury BA6 9JB

Premises description

Town-centre hub, owned by SCC, opened in 2016 to accommodate library service, nursery, getset, health teams and registrar service.

Provides co-located services managed by SCC. Existing multi-agency nature of town centre hub ideal for further development as family centre.

Proposal

Retain Sure Start designation.

Potential for greater co-location and further development of the family centre vision.

Deliverability and timescale

Deliverable in 2018/19 with potential further development.

The Bridge Children's Centre, Frome

Hayesdown First School, Wyville Rd, Frome BA11 2BN

Premises description

Building is owned by SCC

Purpose-built centre on school site.

Proposal

Remove Sure Start designation and lease to Frome Opportunity Nursery to support early year's sufficiency duty, and school-led family support provision.

Deliverability and timescale

Deliverable in 2017/18

The Link Children's Centre, Coleford

Bishop Henderson School, Farley Dell, Coleford BA3 5PN

Premises description

Building is occupied by SCC.

Purpose-built centre on school site.

Proposal

Remove Sure Start designation and transfer to school to support improved early years provision, meeting early years sufficiency duty.

School supportive of continued use of building for family support service and other community activities as appropriate.

Deliverability and timescale

Deliverable in 2018/19.

The House Children's Centre, Shepton Mallet

Shepton Infants School, Waterloo Road, Shepton Mallet BA4 5HE

Premises description

Building is owned by SCC

Converted school house on infant school site.

Proposal

Remove Sure Start designation and transfer to school to support sufficiency of school places

Family support delivery planned from remodelled Highfield House with staff accommodation in adjacent Shape Mendip hub, due by summer 2018.

Deliverability and timescale

Transfer of The House to Shepton Mallet Infants School deliverable in 2017/18.

Highfield House development deliverable in 2018/19 subject to grant of planning permission for use of outside space.

Temporary delivery venue secured in Shepton pending Highfield House availability.

Financial implications

	2017/18	2018/19	2019/20	2020/21
Family centres	221,400	232,600	239,700	247,400
Linked & community delivery points	354,800	304,700*	94,500	96,700
Additional ICT costs ¹	11,500	5,800	2,400	2,400
One-off premises costs ²		282,000		
Staff accommodation ³		19,000	136,000	136,000
Total Expenditure	587,700	844,000	472,600	482,500
Office accommodation ⁴	(29,000)	(56,400)	(45,800)	(46,200)
Nursery contribution	(84,100)	(80,600)	(38,600)	(39,900)
Delivery space	(10,400)	(6,100)	(6,300)	(6,500)
Total Income	(123,500)	(143,100)	(90,700)	(92,600)
Net Total	464,200	701,000	382,000	389,900

- Notes:
- ¹ Changes to ICT contracts and infrastructure upgrades
 - ² Remodelling to accommodate co-location and possible lease surrender premium
 - ³ Includes estimate of PHN elements of Family Support Service from 2019/20 (true cost unknown until service transfer)
 - ⁴ Partners' use of SCC buildings.

*The figure for linked delivery points in 2018/19 will be revised as the timescales for delivering changes in building management are confirmed. It is expected the outturn on this line will be lower than the figure included above as new arrangements are implemented mid-year.

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Report of the Scrutiny for Policies, Children and Families Committee on Family Support Services

Chairman: Cllr Leigh Redman

Division and Local Member: All

Lead Officer: Julian Gale – Strategic Manager – Governance and Risk

Author: Jamie Jackson – Governance Manager - Scrutiny

Contact Details: 01823 359040 jajackson@somerset.gov.uk

1. Summary

- 1.1. This report summarises the comments arising from the Scrutiny for Policies Children and Families Committee meeting on 26 January 2018 having considered the proposed changes to Early Help settings. These changes were first reported at our 28 July 2017 meeting. The initial proposals were to create 'early help hubs' in local communities, something that had been identified as a key priority in the Children and Young People's Plan 2016-2019. The proposed new 'hub service' would offer multi-agency integrated services to identify and support children and families who needed additional help and quick intervention.
- 1.2. Since our meeting last July we have continued to receive regular update reports about what is now described as Family Support Services. Firstly we were provided with an outline of the proposed consultation exercise and then most recently we received an overview of the responses received during that consultation exercise. It was clear that these proposed changes generated much interest in Somerset residents as over a 1,000 people participated and provided comments, with some coming to our meetings to ask questions.

2. Comments from the Committee

- 2.1. The Committee felt that clear and concise information would need to be shared with all staff and service users. Although the evidence from Officers and contained in reports indicated that the Services offered would be improved as 'universal services' would be co-located and other services would be better targeted to service users, it seemed as if the de-designation of some Children's Centres in 2014 had left a residual mistrust and lack of confidence in the Council.
- 2.2. We noted from the responses received that service users felt that changing the status of a Children's Centres would result in a reduction of available services and that this would mean that families would have to travel further to access services. Although Officers had stressed that a reduction in the number of buildings funded and maintained would not mean any reduction in the services available this did not appear to have been accepted or understood by a significant number of service users as evidenced in the consultation feedback.
- 2.3. Some Members of the Committee felt that there appeared to be little connection between the feedback obtained from the members of the public who participated in the consultation exercise and the proposals/responses proposed by the Council, more weight should have been placed on feedback from users. We noted that amongst those that had participated in the consultation that two thirds were members of the public and a third being people who identified as being users of the Family Support Service.

- 2.4.** The Committee also highlighted concerns raised during the consultation exercise regarding the status and qualifications of staff currently employed providing services, particularly Health professionals, and Members sought reassurance that the same appropriate skills/qualifications would be required for all staff when the changes proposed in Family Support Services were implemented?
- 2.5.** Members also noted that the increasing use of technology was referred to in the report as a means of helping to enhance the accessibility/offer of Family Support Services and concern was expressed that many residents in parts of Somerset did not have easy access to the internet and/or technology and if this would result in them being disadvantaged. It was also noted that enhanced/improved reliance on technology would also be very resource and staff intensive with information requiring maintaining and/or updating on websites etc. Officers explained that enhanced use of technology was intended to be an aid/complement to existing provisions, some Health Visitors used text messaging and Facebook was also a useful means of communicating.
- 2.6.** During the discussion the Committee also reflected that the consultation exercise had been restrictive inasmuch as there was no detail or explanation of any alternative provisions/options provided and this had led to a perception that the changes were not being 'user led' and that children and families were 'being done to, rather than doing' themselves.
- 2.7.** The Committee noted that following the public consultation exercise the recommendations were to proceed with the original proposals to change Family Support Services, changing the status of 16 Children's Centres, co-locating more staff and extend outreach in local communities, and this had created the perception amongst members of the public that the decisions had already been taken. The Committee noted that Officers were keen to emphasise it was not about directing a one size fits all approach centrally but ensuring and encouraging local options/solutions were provided for the benefit of local communities as the Council worked with a variety of partners.
- 2.8.** The Committee questioned if a cost benefit type analysis had been conducted to help gauge the cost of the existing range of provision and what type of additional costs/savings might then arise from going ahead with the proposed changes, therefore a pre and post reconfiguration cost analysis, together with gauging the opportunity cost of reorganising services and how this might effect hard to reach communities. Some Members felt this was an important consideration as contained within the current recommendations was a 'further recommendation' to continue reviewing the provision of family centres in Minehead, Wellington, Chard and Yeovil. Members thought that this appeared to be sending mixed messages and might put hard to reach groups at a disadvantage.
- 2.9.** It was also noted that there didn't seem to be any joining up decisions within the Council as it was noted that as buildings closed and people needed to travel further to access services or attend meetings/support groups reductions in bus services continued. Members thought that this appeared to be sending mixed messages and might put hard to reach groups at a disadvantage.

- 2.10.** Regarding the second part of the proposed changes to bring Public Health Nursing Services into the Council to develop the new Family Support Service within the Council the Committee accepted this recommendation, in line with the reasons identified within the report. Members noted the concerns raised during public question time and asked that officers confirm that all staff had been fully engaged in the consultation process. In conclusion overall the Committee felt it important that as the changes progressed clear and concise information needed to be shared with all staff and service users with good communications providing reasonable notice of changes.

3. Background

The Scrutiny for Policies Children and Families Committee began considering the proposed changes to Early Help settings at our 28 July 2017 meeting. A report provided us with an update on the proposals to create 'early help hubs' in local communities, identified as a key priority in the Children and Young People's Plan 2016-2019. The report explained that the proposed 'hub service' would offer multi-agency integrated services to identify and support children and families who need additional help and quick intervention, and over time this would help reduce the gap in outcomes for those in deprived areas.

Since that meeting last summer we have continued to receive regular update reports about Family Support Services, firstly outlining the proposed consultation exercise and then most recently providing us with an overview of the responses received during the consultation exercise, during which over a 1,000 Somerset resident had participated and provided comments.

It was explained that the rationale for the proposed changes was:

- To achieve better outcomes for families; particularly engaging hard to reach families and reducing inequalities;
- Ensure that residents, children and young people, were given every opportunity to improve their life chances;
- To provide more effective, accessible services; reducing duplication and provide more community based support and guidance; and,
- To protect frontline services by reducing costs associated with buildings.

At our meeting on 26 January 2018 we were asked to consider and scrutinise the options appraisal and proposal to bring Public Health Nursing Services into Somerset County Council (SCC) to develop the new Family Support Service within the Council. Option 1: would see development of an Integrated Family Support Service delivered by the Council. This option would require bringing Public Health Nursing Services into the Council and integrating this and also the current 'GetSet' Services into the newly arranged Family Support Service. Option 2: would see development of an Integrated Family Support Service through an external provider, having been procured after a competitive OJEU compliant competitive process.

We noted after an appraisal process that analysed both options that Option 1 had a higher score and it was seen as more favourable to:

- Establish greater links with related children and family services e.g. Children's Social Care and Support Services for Education;
- Help to understand the needs of children, families & communities;
- Become part of wider work across the Council to support community development and greater working with the voluntary and community sector;
- Enable public health specialist work, such as health promotion, needs assessment and local policy development, to be influenced and supported by public health practitioners;
- Promote opportunity for professional development and a more structured career pathway for staff.

4. Consultations undertaken

- 4.1.** The Committee invites all Councillors to attend and contribute to its meetings. The Committee Chair and Vice Chair invite prospective report authors to attend

their pre-meetings and recently Lead Officers have engaged in this process and reports have been submitted on time.

5. Implications

- 5.1.** The Committee carefully considers reports, and often asks for further information about the implications as outlined in the reports considered at its meetings. For further details of the reports considered by the Committee please contact the author of this report.

6. Background papers

- 6.1.** Further information about the Committee including dates of meetings in the new quadrennium, and agendas & reports from previous meetings are available via the Council's website.

www.somerset.gov.uk/agendasandpapers

Note: For sight of individual background papers please contact the report author.

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Decision Report – Family Support Service

12th February 2018 –

Family Support Service - Phase 2 Delivery April 2019 onwards

Cabinet Member(s): Cllr Christine Lawrence – Cabinet Member for Public Health & Wellbeing & Frances Nicholson – Cabinet Member for Children & Families

Division and Local Member(s): All

Lead Officer: Trudi Grant / Director of Public Health & Julian Wooster / Director of Children’s Services

Author: Alison Bell / Consultant in Public Health

Contact Details: 01823 357266

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	31/01/2018
	Monitoring Officer	Julian Gale/Scott Wooldridge	17/01/18
	Corporate Finance	Kevin Nacey	31/1/2018
	Human Resources	Chris Squire	15/01/18
	Property / Procurement / ICT	Richard Williams	31/01/2018
	Senior Manager	Trudi Grant	18/01/18
	Local Member(s)	ALL	Members Information sheet – 17/01/18
	Cabinet Member	Cllr Christine Lawrence Public Health & Wellbeing Cllr Frances Nicholson Children & Families	17/01/18 16/01/18
	Opposition Spokesperson	Cllr Amanda Broom Cllr Jane Lock	18/01/18
	Relevant Scrutiny Chairman	Cllr Leigh Redman for Scrutiny Children & Families, Cllr Hazel Prior-Sankey for Scrutiny Adults and Health	29/01/18 19/01/18
Forward Plan Reference:	Fp/17/11/06		
Summary:	<p>As agreed in the Children and Young People’s Plan, Somerset County Council (SCC) has a vision to create an integrated service which provides a joined-up response to the needs of children and their families, where needs are met as early as possible by appropriately skilled professionals, now referred to as a Family Support Service.</p> <p>Model - The proposal is for a locality approach, providing health and wellbeing and early help for children and young people aged 0-19 and their families (up to 25 years for children with additional needs). A strength of the model is that teams will be made up of</p>		

	<p>staff with a variety of professional backgrounds and skills, helping to meet a wide range of needs. The core team would need to have strong links with wider professional teams to support children and families in a local area. The service will be measured on outcomes for children and families and these will drive the activity of the service. The service will provide support to children and families across all tiers of need, from universal up to tier 4 child protection.</p> <p>It is proposed that the Family Support Service will be developed over three phases:</p> <p>Phase 1 (2018/19) addresses the development of the Family Support Service and the delivery of a co-ordinated and coherent “early help offer” utilising technology and a wide network of local community venues such as families homes, schools, health centres, village halls and children’s centre buildings; this is addressed in the sister paper to this one.</p> <p>Phase 2 (2019/20) will address the integration of Public Health Nursing (health visitors and school nurses) with SCC’s Getset Service; this paper addresses the recommendations to deliver this objective.</p> <p>Phase 3 a holistic model that considers the needs of the whole family (“think family” approach) and possibly integration with other relevant services.</p> <p>This paper considers Phase 2 of the programme and the best approach to achieve the integration of currently separate services into an integrated Family Support Service.</p> <p>A detailed options appraisal has been undertaken on the two most feasible options:</p> <p>Option 1: Development of an Integrated Family Support Service delivered by SCC. This option would require bringing Public Health Nursing Services into the council and integrating these and the current Getset Services into the new Family Support Service.</p> <p>Option 2: Development of an Integrated Family Support Service through an external provider, procured through a competitive OJEU compliant competitive process.</p>
<p>Recommendations:</p>	<p>That the Cabinet resolves :</p> <ol style="list-style-type: none"> 1. In principle to support bringing Public Health Nursing Services into Somerset County Council and develop the new Family Support Service in-house, from existing Getset Services and public health nursing, on the basis outlined in this report and the options appraisal (Appendix 1).

	<p>2. Authorise officers to complete all necessary work in order to report back the Full Business Case to the Director of Public Health and the Director of Children’s Services, in consultation with the Cabinet Members for Children and Families and Public Health and Well-Being, to enable the preferred option to be progressed and to develop a detailed implementation plan with our partners for delivery of the Family Support Service</p> <p>3. Agrees the case for exempt information for Appendix 3 to be treated in confidence, as public disclosure of the commercially sensitive data contained within would prejudice the Council’s position in ensuring competitiveness of future tender processes.</p> <p>4. Agree to exclude the press and public from the meeting where there is any discussion at the meeting regarding exempt or confidential information (Appendix 3).</p> <p>Exclusion of the Press and Public To consider passing a resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the press and public from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, within the meaning of Schedule 12A to the Local Government Act 1972:</p> <p>Reason: Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p>
<p>Reasons for Recommendations:</p>	<p>It is clear from national evidence that integrating universal and early help services for children and families has positive benefits, both in terms of ease of accessing services and in improving outcomes and addressing health and social inequalities.</p> <p>A thorough options appraisal regarding the future delivery of a Family Support Service has been carried out in two parts; the first phase scoped different options, and the second phase considered the two most feasible options in detail. These were:</p> <p>Option 1: Development of an Integrated Family Support Service delivered by SCC. This option would require bringing Public</p>

	<p>Health Nursing Services into the council and integrating these and the current Getset Services into the new Family Support Service.</p> <p>Option 2: Development of an Integrated Family Support Service through an external provider, procured through a competitive OJEU compliant competitive process.</p> <p>Conclusions of the appraisal:</p> <p>a) From the options appraisal, either option is feasible.</p> <p>b) Developing the Family Support Service within SCC scores 109/140 in the options appraisal; developing the service with an external provider scores 95.5/140.</p> <p>c) From the costing analysis, both options have transition costs in 2018/19</p> <p>The cost pressures in 2018/19 are project management, IT costs and the establishment of clinical policies and procedures work required in 2018/19 estimated to be £398,000 for option 1. and project management, procurement and IT costs of £300,000 associated with option 2.</p> <p>Option 1 – developing an Integrated Family Support Service delivered by SCC is the preferred option and it is recommended that this option is progressed in principle to a full business case, before the preferred option is progressed</p>
<p>Links to Priorities and Impact on Service Plans:</p>	<p>The development of the Family Support Service approach supports the following plans:</p> <p>Health & Wellbeing (HWB) strategy – These services both contribute to the shared vision of the HWB Strategy which is that</p> <p><i>“People live healthy and independent lives, supported by thriving and connected communities with timely and easy access to high-quality and efficient public services when they need them.”</i></p> <p>County Plan – This integrated service aims to reduce inequalities wherever we can across the county and empower people to take responsibility for their own health and wellbeing.</p> <p>Children and Young People’s Plan (CYPP) 2016-2019, and specifically programme 2 ‘improving the health and wellbeing of children and young people’ and programme 5 ‘providing effective early help’:</p> <p><i>‘To establish early help hubs in local communities offering multi-agency integrated services that identify and support children and</i></p>

	<p><i>families who need additional help and can intervene quickly and effectively, to be in place by April 2018' (CYPP 2016-19).</i></p>
<p>Consultations and co-production undertaken:</p>	<p>The Children and Young People's Plan 2016-2019 was fully consulted on in its development, final agreement and approval. The plan sets out the agreement to develop integrated early help hubs (now called Family Support Services).</p> <p>The vision and approach for the Family Support Service has been discussed with a wide range of stakeholders including the Somerset Clinical Commissioning Group (CCG) and Somerset Early Help Board.</p> <p>Initial proposals were developed with the support of staff and partner organisations. Consultation and engagement will continue to ensure the effective implementation of Phase 1 and development of proposals for Phase 2.</p> <p>A full stakeholder and public consultation into the development of the Family Support Service was held over 10 weeks between September and December 2017. The consultation exercise was independently facilitated and undertaken according to SCC guidance with support from SCC's Democratic Services. The sister paper to this key decision contains further details and the full report.</p> <p>Consultation and briefings with elected members, the scrutiny chairs of Childrens and Families and Adults and Health, and opposition spokespersons were also undertaken as part of this activity.</p> <p>Details of the integrated service offer in each area will be developed through co-production at a community level, actively engaging with children, parents and families, and wider stakeholders including the voluntary and community sector.</p>
<p>Financial Implications:</p>	<p>This is a preventative and early help service; it is a key service to help prevent increasing levels of need and vulnerability and thereby reduce future demand on services such as children's social care.</p> <p>Savings in both the Public Health Nursing and getset budgets are being progressed in 2017/18 and 2018/19 to achieve national cuts to both the Public Health grant and removal of the Troubled Families grant.</p> <p>From the costing analysis, both options have transition costs in 2018/19</p> <p>The cost pressures in 2018/19 are project management, IT costs and the establishment of clinical policies and procedures work</p>

	<p>required in 2018/19 estimated to be £398,000 for option 1.and project management, procurement and IT costs of £300,000 associated with option 2.</p> <p>If there is no asset transfer from the current providers both options could incur capital IT costs in 2018/19 and 2019/20.</p> <p>Option 1 becomes largely affordable within the current financial envelope by year 2 and ongoing. It is estimated that option 2 would pose an ongoing cost pressure.</p>
<p>Legal Implications:</p>	<p>SCC has a number of statutory duties relating to this service, including the overall duties to improve the health and wellbeing of the population, protect children from harm and reduce health and social inequalities.</p> <p>More specifically, the local authority is required to deliver the National Healthy Child Programme through the commissioning of both health visiting and school nursing services. Health visiting services must offer five contacts to all expectant and new parents of infants born in Somerset. In addition, the local authority is also mandated to deliver the National Child Measurement Programme, which is delivered through school nursing services.</p> <p>Commissioners of this service have fully engaged with staff in Legal Services. This decision is a decision in principle to continue working towards the in-house option for provision of the services, and as such there will be no change in the legal position of the council.</p> <p>Decisions by local authorities to commission services in-house are not subject to the rules on public procurement and so there is no risk of challenge on procurement law grounds.</p> <p>If the decision is taken to develop this service in-house, it will be necessary to terminate, or to allow to expire, existing contracts with providers for the services which are to be brought in-house. It may also be necessary to novate to the authority any sub-contracts that providers have entered into where those contracts allow them to deliver relevant services. Before this is done, legal advice will be needed on how these terminations / novations should be carried out and their effects e.g. lease cars.</p> <p>The NHS duty to consult is unlikely to apply to the Family Support Service as it is solely commissioned by the local authority.</p>
<p>HR Implications:</p>	<p>Both options will have implications under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”) which protect the rights of employees where services previously provided by a contractor are provided by a different provider i.e. SCC or an external provider.</p>

	<p>The total number of employees currently employed by Somerset Partnership who deliver the PHN service and whose employment could transfer to a new employer is approximately 210.</p> <p>The total number of employees currently employed by SCC who deliver the getset service is approximately 160.</p> <p>Any new employer will be required to provide details of any measures that it envisages taking following the transfer that will affect either transferring employees and/or existing employees of the new employer. The new employer has a legal duty to inform and consult with employee representatives and affected employees on any such measures.</p> <p>It may be necessary to novate contracts for the provision of employee benefits (for example, lease vehicles) to the new employer. Further advice will be needed on these specific issues once the extent of liabilities to a new employer under TUPE is known.</p>						
<p>Risk Implications:</p>	<p>Specific risks have been detailed as part of the technical options appraisal (see Appendix 1). Most risks can be mitigated by good management and project planning. The JCAD Risk Management system will be used to manage the risks associated with the decision once it is implemented.</p> <p>Staff within current services must remain actively engaged in service delivery and maintain performance, prior to and during the development of the new integrated service.</p> <p>Somerset Partnership, the current provider of public health nursing services and SCC Children’s services, who currently provide getset services, have worked collaboratively on this programme for the past year. The continued support of the current providers will be needed to ensure business and performance continuity and to enable a smooth transfer of staff.</p> <table border="1" data-bbox="528 1509 1482 1547"> <tr> <td>Likelihood</td> <td>2</td> <td>Impact</td> <td>5</td> <td>Risk Score</td> <td>10</td> </tr> </table>	Likelihood	2	Impact	5	Risk Score	10
Likelihood	2	Impact	5	Risk Score	10		
<p>Other Implications (including due regard implications):</p>	<p><u>Equalities Implications</u></p> <p>Equality considerations have been considered and the following have been identified;</p> <p>Tackling inequalities in health is the key to improving health and wellbeing. Joining universal and targeted services should mean that interventions happen at an earlier stage, without the requirement of a referral process and according to clear pathways of care.</p> <p>Health and Wellbeing Implications</p> <p>Improving and protecting the health and wellbeing of the population and closing the gap between life expectancy and</p>						

	<p>healthy life expectancy is imperative to improving the quality of life of local people and achieving economic growth. It is also crucial to achieving the longer-term sustainability of social care and health services.</p> <p>Giving every child the ‘best start in life’ is acknowledged as one of the priorities for tackling health inequalities. This decision will join up services that aim to give every child in Somerset the best start in life.</p> <p>Community Safety Implications No community safety implications have been identified.</p> <p>Sustainability Implications Nationally there is no funding for training of health visitors or school nurses and this represents a risk to the long-term delivery of the service by appropriately qualified staff.</p> <p>Health and Safety Implications There is some risk of elevated staff stress due to the increased caseloads as a result of a reduction in health visitor posts and the need to work with a multi-disciplinary team associated with the reduction in public health budgets.</p> <p>Privacy Implications No privacy implications have been identified. IT systems will be developed to ensure that individual client confidentiality is protected</p>
<p>Scrutiny comments / recommendation (if any):</p>	<p>Scrutiny noted their support for the in principal decision to bring PHN into SCC, to create the new Family Support Service.</p> <p>Scrutiny wanted assurance that staff would be communicated with regarding their terms and conditions (as articulated in the UNITE statement that was read by a local UNITE member as part of public questions.</p>

1. Background

- 1.1. As agreed in the Children and Young People’s Plan, SCC has a vision to create an integrated service which provides seamless support to the needs of children and their families, where needs are met as early as possible by appropriately skilled professionals, now referred to as a Family Support Service.

The CYPP also includes agreed actions to develop proposals for the future use of children’s centre buildings in the context of an ‘integrated early help offer’.

The development of the Family Support Service aims to:

- Achieve better outcomes for families; engaging hard to reach families and

providing services where they need them

- Provide more effective services; reducing duplication and providing more community based support and guidance
- Provide consistent and coherent services for families in order to tackle health and social inequalities
- Protect frontline services by reducing management and business support functions, and overhead costs associated with buildings
- Respond to the end of the government Troubled Families grant in 2020, and the reduction in DH grant for public health

1.2. The benefits of integration

The Early Intervention Foundation (Getting It Right For Families)¹ has reviewed the evidence on integration in the early years, across health and local authorities; the findings of this work are summarised below:

- Increased understanding, trust and co-operation between different services
- Better communication and consistent implementation of services
- Less duplication of processes across agencies
- Better access to services or increased service-user involvement
- More cost-effective
- Improved cognitive or school performance
- Improved general physical health
- Enhanced social behaviour
- Improved parenting or family relations

The Family Hub model was initially proposed in 2014 by the Centre for Social Justice to provide a more integrated, preventative approach to supporting the country's most vulnerable families; offering *'local nerve centres co-ordinating all family-related support including universal services and specialist help...to meet parents' most pressing needs'*.

In areas where integration across health and care in the early years is mature (Swindon & Islington for example) there is recognition that integration takes considerable time and consistent leadership. The literature summarises the key challenges and barriers to integrating services, as listed below. These have all been considered when looking at the best option for achieving integration of services:

- Workforce and cultural differences
- Information, data sharing and connectivity
- Organisational change
- Boundary issues
- Inspection framework
- Commissioning

¹ <http://www.eif.org.uk/wp-content/uploads/2014/11/GETTING-IT-RIGHT-FULL-REPORT.pdf>

- National policy
- Financial pressures

1.3. The proposed model and objectives of the new Family Support Service

At a high level, the proposal is for the development of an Integrated Family Support Service using a locality approach. The service will provide an early help and universal health and wellbeing service for children and young people aged 0-19 (up to 25 years for children with additional needs). It is proposed that the service is made up of core staff teams with different professional backgrounds and skills to help support the variable needs of children and families appropriately. It is envisaged that these core teams will need to have strong links to other services and professional teams to support children and families in a local area. The service will provide support to children and families across all tiers, from universal up to tier 4 child protection and the service will be measured on key outcomes across these tiers.

The objectives of the services will be:

- To establish a Family Support Service in local communities offering integrated services that identify and support children and families who need additional help and can intervene quickly and effectively, before situations escalate.
- To improve outcomes for children and young people, especially the most vulnerable.
- To reduce duplication between the current separate services (Health Visiting, School Nursing and Getset).
- To achieve the Department of Health savings to the public health grant in 2018/19 and 2019/20 and to accommodate the loss of the Troubled Families Grant from 2020.

This service must retain close working relationships with other core NHS and social care services e.g. maternity and primary care, Children's social care as well as the wider multi-disciplinary system of schools, district councils. It is envisaged that closer working could be developed throughout the duration of the programme. It is proposed that the Family Support Service is developed over three phases, as outlined below:

Phase 1 (2018/19) addresses the development of the Family Support Service and the delivery of a co-ordinated and coherent "early help offer" using local community venues including children's centre buildings; this is addressed in the sister paper to this one.

Phase 2 (2019/20) will address the integration of Public Health Nursing (health visitors and school nurses) with Somerset County Council's (SCC) Getset Service; this paper addresses the recommendations to deliver this objective.

Phase 3 a holistic model that considers the needs of the whole family ("think family" approach) and fosters even further collaboration, and possibly integration with other relevant services.

2. OPTIONS APPRAISAL

2.1. The options appraisal used for this proposal was conducted in three phases:

- a. Initial feasibility assessment
- b. Detailed options appraisal
- c. Costings of available options

2.2. Feasibility assessment

The initial feasibility assessment of potential options was undertaken by SCC's Commissioning Board. The options and considerations are summarised below:

Option	Comments	Progression to full options appraisal
1 – Service developed in-house	Feasible	Yes
2 – Service developed through competitive procurement process	Feasible	Yes
3 – Service developed through new organisational vehicle	Feasible to achieve an integrated service, but unachievable in timescales and not considered economically viable for comparatively small service scope	No
4 – Service developed by Somerset Partnership	Not feasible, services would need to be competitively procured to avoid risk of legal challenge	No
5 – Do nothing – services continue to be commissioned separately	Not feasible, integrated service model would not be achieved	No

The two options which went forward for full appraisal were:

Option 1: Integrated Family Support Service delivered in-house, by bringing public health nursing services into SCC and developing the new Family Support Service in-house, from Getset services and public health nursing.

Option 2: Integrated Family Support Service delivered by an external provider, by writing a service specification and going through a competitive OJEU compliant procurement process for Family Support Services.

Feasibility of Option 1 - integrated Family Support Service delivered in-house

- Other councils have progressed this option, but many are smaller borough councils in urban areas e.g. London Boroughs of Camden, Newham, Windsor and Maidenhead, City of York, Redcar and Cleveland Borough Council. Suffolk County Council and Swindon Borough Council undertook this over 5 years ago.
- A national draft of considerations has been produced for public health nursing being provided in-house. This has been shared with commissioners and considered as part of the options appraisal process.
- Barnsley Borough Council have shared their experiences following a failed procurement which resulted in them bringing the health visiting service in-house recently, that has also informed the options appraisal.
- Other areas have taken the decision to bring the public health nursing services in-house and have shared their experiences with us, through a commissioning support network.

Feasibility of Option 2 - integrated Family Support Service delivered by an external provider.

- A Soft Market Testing Event was held on 26th September 2017 which gave those organisations with an interest in delivering any future services an opportunity to inform and shape future options. The event was attended by seven different organisations from the public, private and voluntary and community sectors. Their feedback was positive, further highlighting the benefits of integration, 'interventions happening at an earlier stage' and 'there is a single point of entry for families' and agreement with the proposed model.
- SCC undertook to gather the views of interested organisations as part of the wider consultation for these services and held workshops at the event which asked attendees to comment on the strengths, weaknesses, opportunities and threats related to the proposed integrated service model. The comments received during the workshops have been used to inform the commercial considerations of the options appraisal.

The following sections present the options appraisal which has been undertaken to inform the decision making regarding how the Family Support Service will be delivered from 1st April 2019.

2.3. Detailed Options Appraisal Methodology

The methodology used to undertake this options appraisal was taken from the Chartered Institute of Public Finance and Accountancy (CIPFA)². This options appraisal was informed by the current evidence base and experience of other local authorities that had implemented either of these decisions.

² General Guidance on Options Appraisal (12/02/2010) Appendix A4.3. CIPFA

2.4. Appraisal Criteria

The criteria against which options were judged are listed in Table 2.

Table 2: Criteria against which options would be judged

Considerations
A: Ability to deliver the vision/objectives
B: Non-Financial Benefits of this option (Performance, Service to customers)
C: Ability to deliver statutory duties
D: Our ability (SCC) to deliver this option
E: Commercial/Procurement implications for this option
F: Does this contractual option provide the ability to be flexible with the model and the integration of health and social care
G: Risk of this option
H: Perceived social value associated with this option
I: Organisational Considerations – capacity to deliver, achieve and sustain plus any learning or considerations from cumulative impacts group etc

2.4.1. Scoring

Each of the options were scored against the criteria on a range of 1-5 as follows:

- 1 = Significant disadvantage compared to current arrangements
- 2 = Some disadvantage compared to current arrangements
- 3 = No significant advantage or disadvantage compared to current arrangements
- 4 = Some advantage compared to current arrangements
- 5 = Significant advantage compared to current arrangements

2.4.2. Weighting

Not all of the considerations are equally important and so a process of weighting was undertaken by commissioners, supported by those who contributed to the options appraisal, in particular HR.

The considerations that were given the highest weighting (5) were:

- Consideration A: Ability to deliver the vision/objectives
- Consideration B: Non-Financial Benefits of this option e.g. Performance, Service to customers
- Consideration F: Does this contractual option provide the ability to be flexible with the model and the integration of health and social care

The detailed options appraisal can be seen in Appendix 1 and the summary of scores and weightings can be seen in Appendix 2. After weighting the scores for individual options were as follows:

Integrated family support service delivered in-house = 109/140

Integrated family support service delivered by an external provider = 95.5/140

2.4.3. Cost of developing and delivering this service

Work has been done to cost both options which suggests that the variance between the two in many areas is not significant. Staffing costs will be very similar and these form the major cost element.

A number of assumptions have been made in the costings assessment:

- For PHN the costings have been based on the information that was provided to SCC in 2015 ahead of the transfer of community responsibilities from NHS England to SCC.
- The staff costs have been calculated on the current staffing levels for getset and the skill mixed staffing for PHN once the previously agreed savings have been achieved.
- IT has been costed for bringing this service in house based on operational licenses required for a suitable case management system and matched hardware requirements. It is assumed under Option 2 that these costs will be covered by an overhead charge applied to the contract value at 12% (based on current market rates)

The financial information at point of transfer did not contain detailed information regarding the costs covered by overheads. For the options appraisal the direct costs of delivering this service have been estimated on a worst case scenario basis, informed by the 'non-pay costs' presented by Somerset Partnership at the point of contract transfer in 2015 e.g. travel, consumables and current getset service budgets.

It has been assumed that no existing assets would be acquired from the current provider for option 1 and that the costs of buying assets would be covered within external provider's overhead costs. For option 2 a market rate of 12% of overheads has been applied to the total service expenditure.

It is likely both options will require IT transformation to facilitate different ways of working and allow the service to run more efficiently.

Given the current position within each service it is thought unlikely there would be a need for compulsory redundancies and if there were, the redundancy costs under each option are expected to be broadly similar and not therefore influence the options appraisal.

Transitional costs: There are transitional costs expected for each option in 2018/19 and Year 1. For Option 1 these relate to an estimated transitional cost of £300,000, relating to project management and IT transfer and management. The establishment of clinical policies and procedures would be overseen by the creation of a new operational lead post, which would be required to deliver a safe and effective clinically-led service, costed at £98,000 including all on costs

Option 2 will incur procurement and project management costs, IT and staff transfer costs and some initial set up costs, estimated to be approximately £300,000, based on similar projects.

Clinical Governance: There will be a need to ensure that robust clinical governance arrangements are in place to deliver a clinically-led service. This will need to include clinical leadership and supervision, clinical policies and procedures and appropriate management infrastructure. SCC already has a clinical governance system in place to support externally provided public health services through some joint working with Somerset CCG. This existing system will require significant strengthening if the service is brought in-house, this will be achieved by establishing an operational manager, business analyst with experience of NHS Digital reporting and a patient safety manager. In addition Somerset CCG has formally offered to support SCC with the development of this service going forward.

3. Recommendations

3.1. From the evidence presented, either option is feasible

From the options appraisal, bringing the service in-house scores 109/140; delivering this service externally scores 95.5/140 and so Option 1 would be the preferred option.

Options 1 & 2 both represent cost pressures to the organisation in the short term. Past year one, option 1 is considered to be almost within the current budget.

Option 1 – developing an Integrated Family Support Service delivered by SCC is the preferred option and it is recommended that this option is progressed in principle to a full business case, to enable the preferred option to be progressed

4. Background Papers

4.1. Getting It Right for Families. Early Intervention Foundation. <http://www.eif.org.uk/wp-content/uploads/2014/11/GETTING-IT-RIGHT-FULL-REPORT.pdf>

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APPENDIX 1

Appraisal Considerations	Option 1 - Family Support Service (FSS) delivered in house - integrated in house	new score	Option 2 - Family Support Service (FSS) delivered externally -integrated out	new score
Consideration A: Ability to deliver the vision/objectives	Fully integrated service specification in accordance with the vision, with seamless pathways utilising skills or the whole workforce, preventing duplication and enabling access to information to track outcomes over time and adjust services accordingly	4.5	Fully integrated service specification in accordance with the vision, with seamless pathways utilising skills or the whole workforce, preventing duplication	4.5
Consideration B: Non-Financial Benefits of this option (Performance, Service to customers)	<p>For PH nursing this option breaks the commissioner / provider barrier and provide opportunity for a more joined up approach to Public Health</p> <p>Innovative model might be more attractive for recruitment</p> <p>Public Health Nursing separate from School Nursing immunisation provision</p> <p>Use of one IT system if possible that could enable SCC access to patient/client level data and tracking of outcomes over time and across systems to seek evidence of what strategies are working to improve outcomes and to adjust intervention accordingly</p> <p>Ability to develop streamlined service pathways and a more joined up delivery for service users</p> <p>This option includes the opportunity to develop a Public Health practitioner/specialist career pathway</p> <p>Step Up and step down to and from childrens social care to FSS in a timely and straightforward manner</p>	4.5	<p>Innovative model might be more attractive for recruitment</p> <p>Public Health Nursing separate from School Nursing immunisation provision</p> <p>Use of one IT system if possible that could enable SCC access to patient/client level data and tracking of outcomes over time and across systems to seek evidence of what strategies are working to improve outcomes and to adjust intervention accordingly</p> <p>Ability to develop streamlined service pathways and a more joined up delivery for service users</p> <p>This option includes less opportunity for involvement in wider public Health and preventative activity.</p>	4
Consideration C: Ability to deliver statutory duties	This option will enable delivery of statutory duties and will have the flexibility to adapt to new duties as they emerge without contract renegotiation	4	This option will enable delivery of statutory duties as detailed in the service specification at the time of contract award, however, if there is significant change over time, this will require contract renegotiation and variation	3
Consideration D: Our ability (SCC) to deliver this option	<p>SCC will need to modify existing registration with CQC and be subject to an additional inspection regimen.</p> <p>SCC has experience of separately, commissioning these two services and therefore has sufficient understanding to integrate them into a single service.</p> <p>SCC has experience of integrating significant services</p>	3	<p>Robust contract needed, with measureable outcomes and mechanisms and full time SCC contract management support to ensure contract optimisation to drive efficiencies and cost reductions.</p> <p>SCC has experience of separately, commissioning these two services and so would be able to design an appropriate service specification.</p> <p>An external provider would need experience of integrating significant services.</p> <p>Feedback from soft market testing is that providers are willing to bid, but there was no discussion of the budget at that stage.</p>	3
Consideration E: Commercial/Procurement implications for this option	There are no procurement considerations to fully in-source this service. From a commercial perspective there would need to be a full review of the current contractual terms which will provide an improved understanding of liabilities and considerations e.g. 3rd party contract. The extent of these liabilities are currently only partially understood and will require information from current providers.	2	<p>We have allowed sufficient time for a full procurement process. Feedback from soft market testing is that there are willing providers, however there was no discussion regarding costs at that stage.</p> <p>There will be a lack of clarity regarding the liabilities from the current public health nursing provider which may deter an organisation from bidding. There may be less significant but additional liabilities for staff transferring from SCC.</p>	2
Consideration F: Does this contractual option provide the ability to be flexible with the model and the integration of health and social care	<p>This option provides the maximum flexibility as the service and staff would be in house and directly employed</p> <p>SCC has the flexibility to integrate further, more complex health and care services in the future if the appropriate procedure/governance is put in place as identified in consideration K</p>	5	<p>Flexibility could be built in to the contract but will require renegotiation which can be challenging at a time of scarce resources</p> <p>This option would require a long term contract that might limit opportunities for future integration between health and social care</p>	3

Consideration G: Risk of this option	Risk of distancing public health nursing from other health services e.g. GP, midwifery, paediatrics and integrated therapy and can no longer access health records (e.g. EMIS viewer and adult mental health patients)		Reputation loss for SCC if provider fails to deliver	
	This service manages significant Clinical risks and so if brought in house, systems will need to be established to support and manage clinical services, including serious and untoward incidents		Potential for TUPE between providers. Clarity on boundaries between areas of responsibility	
	This service would be subject to 2 inspection regimens		New provider will manage the challenges associated with 2 inspection frameworks (CQC & Ofsted)	
	This service would probably require a revised insurance cover to cover professional indemnity and vicarious liability as an employer		The risk of no successful bidder being secured following procurement	
	Places increased financial liabilities on the LA for staff and pensions,		Provider fails to deliver against service specification	
	TUPE of staff into SCC. Difficulties of staff being on different T&Cs which may impact on retention and recruitment	2	Risk of limiting the ability to share appropriate information between new provider and current SCC services	2
	Potential for concern among regulators, as SCC does not have a strong record of health/clinical service provision			
	Cultural differences between the 2 teams of staff may present a risk to integration		Health partners potential dissatisfaction arising from the transfer of PHN to non-NHS provider	
	Health partners potential dissatisfaction arising from the transfer of PHN to LA		Risk of detaching current Get Set services from other SCC services particularly children's social care.	
	Service delivery by a non-NHS provider may be a barrier to recruitment		Cultural and organisational change could affect retention and recruitment	
Cultural and organisational change for health staff could affect retention and recruitment		Economies of scale present for a large organisation that is delivering a wide range of health services, however, savings made by the provider		
Risk of challenge from incumbent provider if due process is not followed		Risk of challenge if due process is not followed		
Consideration H: Perceived social value associated with this option	Bringing this service in house could enhance SCC's role as an employer who places social value at the heart of all we do. Building community capacity is part of the role of the Health Care Practitioner.	5	Social value is currently not explicit in the contract to any great extent. This would be built in as an element of the contract award in the new service specification. e.g. use of apprentices, volunteers use of local suppliers, sustainability	4
Consideration I: Organisational Considerations – capacity to deliver, achieve and sustain plus any learning or considerations from cumulative impacts group. HR. etc.	SCC is currently not established to manage children's clinical services. There will need to be a review of numerous procedures including: Clinical Governance, Clinical supervision, Clinical & support policies and procedures, Quality and Patient Safety, Infection Control, mandatory training etc.	2	Would require one contract management process and one joined up information management system	3

	This option would require greater management responsibility for the LA, as well as focus of inspected / regulated health care activity	32	28.5
	This option would continue to embed early help on an improvement journey to good		
Total Score (Maximum 45)			

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Appendix 2

Appraisal Considerations	Weighting	Option 1 - integrated in house		Option 2 - integrated out	
		Score 0-5 with 5 being most desirable	Weighted Adjusted Score	Score 0-5 with 5 being most desirable	Weighted Adjusted Score
Consideration A: Ability to deliver the vision/objectives	5	4.5	22.5	4.5	22.5
Consideration B: Non-Financial Benefits of this option (Performance, Service to customers)	5	4.5	22.5	4	20
Consideration C: Ability to deliver statutory duties	3	4	12	3	9
Consideration D: Our ability (SCC) to deliver this option	1	3	3	3	3
Consideration E: Commercial/Procurement implications for this option	1	2	2	2	2
Consideration F: Does this contractual option provide the ability to be flexible with the model	5	5	25	3	15
Consideration G: Risk of this option	2	2	4	2	4
Consideration H: Perceived social value associated with this option	2	5	10	4	8
Consideration I: Organisational Considerations – capacity to deliver, achieve and sustain plus any learning or considerations from cumulative impacts group. HR. etc	4	2	8	3	12
Total weighted Score (Maximum 140)		32	109	28.5	95.5

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Somerset County Council

Cabinet
12 February 2018

2018/19 Capital Investment Programme

Cabinet Member(s): Cllr David Hall - Cabinet Member for Resources and Economic Development
 Division and Local Member(s): All
 Lead Officer: Kevin Nacey / Director of Finance, Legal and Governance
 Author: Marcus Venn / Finance Manager – Financial Planning
 Contact Details: Kevin Nacey 01823 359014
 Marcus Venn 01823 359676

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	22/1/18
	Monitoring Officer	Julian Gale	24/01/2018
	Corporate Finance	Stephen Morton	22/1/18
	Human Resources	Chris Squire	22/1/18
	Property / Procurement / ICT	Claire Lovett	22/1/18
	Senior Manager	Kevin Nacey	1/2/18
	Local Member(s)	All	
	Cabinet Member	David Hall	22/1/18
	Opposition Spokesperson	Simon Coles	30/1/18
	Relevant Scrutiny Chairman	Tony Lock Leigh Redman Hazel Prior-Sankey	30/1/18
Forward Plan Reference:	FP/17/08/09		
Summary:	This report provides information to enable the Leader and Cabinet to recommend a Capital Investment Programme for 2018/19 along with indicatives to 2020/21 to Full Council in February.		
Recommendations:	<p>That the Leader and Cabinet agrees and recommends to County Council approval of:</p> <ol style="list-style-type: none"> 1. A Capital Investment Programme for 2018/19 of £91.973m shown in Appendix A. Full details of individual schemes are available online as background papers; 2. That the Chief Executive and relevant Senior Leadership Team Officer(s) following appropriate consultation and after giving due regard to the information contained within any associated impact assessments, are given delegated authority to decide on the specific individual projects to be delivered within generic approvals for their area of control and to secure any necessary decisions in order to implement the projects; 		

	<p>3. Prudential Code Indicators as shown in Section 5 & Appendix C.</p> <p>4. That the statement on the Minimum Revenue Provision be endorsed for the 2018/19 financial year (section 4)</p>						
Reasons for Recommendations:	<p>As part of setting the annual budget the County Council has a statutory obligation preceding each financial year to:</p> <ol style="list-style-type: none"> 1. Approve a Capital Investment Programme; 2. Approve the Prudential Code Indicators; and 3. Approve the Minimum Revenue Provision policy. 						
Links to Priorities and Impact on Service Plans:	The Capital Investment Programme is a vehicle that allows the Council to identify investment and resources to help support the delivery of the key priorities in the County Plan.						
Consultations undertaken:	The views of Somerset's residents determine the priorities set out in the County Plan. This in turn determines the capital programme priorities. Relevant stakeholders should be consulted when individual schemes are being developed.						
Financial Implications:	The financial implications arising from this report are all included within the detail of the report.						
Legal Implications:	In determining its Capital Investment Programme for the year, the Council is required to have regard to the "Prudential Code" established in the Local Government Act 2003. This is addressed in the report.						
HR Implications:	There are no direct HR implications arising from this report. However, staffing levels to deliver the programme, design and implementation needs to be considered.						
Risk Implications:	<p>Failure to identify and provide sufficient capital funding could reduce the ability to meet the County Plan priorities as well as the quality of the council's assets and therefore services provided.</p> <table border="1"> <tr> <td>Likelihood</td> <td>2</td> <td>Impact</td> <td>4</td> <td>Risk Score</td> <td>8</td> </tr> </table>	Likelihood	2	Impact	4	Risk Score	8
Likelihood	2	Impact	4	Risk Score	8		
Other Implications (including due regard implications):	<p>It is essential that decision makers ensure that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.</p> <p>When formulating Capital Investment proposals, services are required to consider the potential impact of any proposals on protected and vulnerable groups and specific cross-cutting issues-covering key areas such as Equalities, Community Safety, Sustainability, Health and Safety, Business Risk and Privacy.</p> <p>This is done with a view to identifying possible actions to mitigate negative impacts, considering whether proposals should be taken forward and identifying any opportunities to promote equality.</p>						

Scrutiny comments / recommendation (if any):

The relevant Scrutiny Committees for Policies and Place, Adults and Health and Children and Families met in January. The outcomes of the deliberations of Scrutiny Committees will be made available to Cabinet and Full Council.

1. Background

- 1.1.** This report introduces the proposed Capital Investment Programme (CIP) for 2018/19. The CIP primarily relates to the assets which are held or used by the Council to operate or support the services provided to Somerset residents and covers such assets as Schools and Highways. Capital expenditure involves the acquisition, creation or enhancement of fixed assets with a long term value to the Council. It does not pay for the day-to-day running costs of council services which are met from the Revenue Budget.
- 1.2.** Given the financial pressures that are being faced by the Council as identified in the Medium Term Financial Plan there is a need to invest in and improve the Council's financial self-reliance. This can be done through long term investment plans which allow the right investment decisions to be made e.g. by investing in infrastructure and assets that will generate greater financial returns, result in lower maintenance costs or improve the local economy and create jobs.

With an increased focus on achieving maximum effect from capital investment, along with an increased focus on the Council's strategic priorities this will enable the Council to obtain maximum value from assets.

- 1.3.** The capital programme has been prepared based on on-going reviews of the phasing of existing schemes and has been developed with an up to date forecast of capital resources and where appropriate scheme estimates have been revised.

2. Capital Investment Programme 2018/19

- 2.1.** The Council continues to deliver significant capital investment across the region which will provide improved infrastructure and facilities whilst supporting the Somerset economy. It also looks to ensure the impact on debt costs within the revenue budget is managed.
- 2.2.** The recommended capital investment programme includes a significant investment in our schools. There will be 14 new schools and improvements to current capacity on another 10 sites over the four year programme. In year one much of the design and planning will take place with the majority of the build in year two. The funding of this investment is subject to further announcements by government either in our final settlement or separately as the DfE and other government departments reveal their capital allocations. It is not clear how much resource SCC will have towards funding its needs.
- 2.3.** We have also submitted a bid to the Housing Infrastructure Fund in conjunction with Taunton Deane and Sedgemoor councils that would fund around £80m of infrastructure projects supported by the three councils. If this bid is successful, the resources to support the capital investment programme for SCC could be increased by £15m.
- 2.4.** Despite the level of investment there remain a number of pressures facing the Council in future years and these will need to be addressed as business cases for

investment as they are developed throughout the year.

- 2.5. The Asset Strategy Group has considered the level of forecast capital resources available alongside the requests from services for capital schemes. Given the current economic pressures the Council's ambition is to deliver a programme that has the optimum combination of schemes which deliver the County Plan and maximise the resources available.

3. Capital Resources

- 3.1. Funding of the Capital Investment Programme can come from a diverse range of resources, which includes Capital Grants, Capital Receipts, and Contributions from Third Parties, Borrowing and Revenue.

The estimated funding for 2018/19 and future years can be seen below:

	2018.19	2019.20	2020.21	2021.22	Total
3rd Party Contributions	(23,915,000)	(23,131,642)	0	(2,468,200)	(49,514,842)
Government Grants (Indicative Minimum)	(26,270,636)	(29,723,987)	(24,670,131)	(18,116,000)	(98,780,754)
Government Grants (Potential Additions)	(3,431,572)	(8,516,486)	(9,601,400)	(4,915,086)	(26,464,544)
Borrowing (Estimated)	(38,355,439)	(69,663,677)	(12,609,325)	0	(120,628,441)
Estimated Funding	(91,972,647)	(131,035,792)	(46,880,856)	(25,499,286)	(295,388,581)

It is important to note that the above figures are forecasts and as such are subject to change. The risk of change to our future available funding increases the further into the future we try and forecast.

At present, we are estimating that we may need up to £120m of new borrowing to fund our capital programme, predominantly building new schools.

3.2. Capital Grants

Predicting capital grants creates an element of volatility in our funding assumptions. They form a significant proportion of funding for the Capital Investment Programme. The grants are received from government departments including the Department for Education (DfE) and the Department for Transport (DfT). Whilst these government grants are allocated by specific central government departments, they are not ring-fenced.

The table below shows the estimated grants to be received from central government in 2018/19 will be £29.702m.

	2018.19
Un Ring Fenced Grant	
School Basic Need	1,600,505
School Condition Allocation	3,431,572
Transport Maintenance Block	18,116,000
Integrated Transport Block	2,209,000
Highways Incentive Scheme	3,773,000
	29,130,076
Ring Fenced Grant	
Specialist Provision	572,131
Total Grant	29,702,207

The Schools Condition Allocation is currently an estimate as no indicative figures have been provided by the DfE.

3.3. 3rd Party Contributions

For 2018/19 a sum of £23.915m is to be funded by 3rd party contributions (the 4 year Capital Investment Programme figure is £49.515m). The majority of this comes from the LEP Growth Deal funding but also includes a small amount from Section 106 and Community Infrastructure Levy (CIL) from housing developers.

Within the proposed programme the following schemes will attract significant funding from 3rd Party sources

1. M5 Junction 25
2. Yeovil Western Corridor
3. Colley Lane Southern Access Road
4. Business Growth Fund

Failure to negotiate adequate funding from developers through Section 106 Agreements or the CIL, will mean that SCC has to fund the full cost of provision.

3.4. Capital Receipts

The forward capital programme will no longer rely on the generation of capital receipts. An investment strategy alongside the Capital strategy will be developed to make better use of receipts to aid the revenue budget.

As part of the investment strategy the council is already committed to transformation projects which will save revenue budget but can be funded from capital receipts through the flexibility permitted by Central Government. (See Appendix F of the Revenue Paper.)

3.5. Capital Fund

The Capital Fund is formed from Revenue sources of income and has been set aside as a contingency in case the need arises. The benefit of doing this allows the council to fund schemes in design and feasibility stages that may not proceed.

3.6. Prudential Borrowing

Under Prudential Code rules the Council has the power to finance Capital schemes using Prudential Borrowing often from the Public Works Loans Board and is the main source of funding available to the council where external funding cannot be obtained. The costs associated with borrowing are charged to the revenue account which recognises that borrowing is not a free resource but has a cost and it is this affordability that is the key constraint.

The use of borrowing will be focussed on the school building programme, as this is a statutory need for which there is insufficient government and 3rd party funding to deliver. We are investing in education capacity so that our statutory responsibilities for sufficiency of provision are met, even if these assets are subsequently leased to academies.

For 2018/19 the intention is to borrow up to £40m which will have revenue consequences in year of approximately £0.625m. The full year effect of this in 2019/20 will depend upon, the timing and length of borrowing, which will need to be factored into this estimate in due course.

4. Minimum Revenue Position

- 4.1.** The council is required by law to make a statement on the Minimum Revenue Provision. This is the annual provision made from the Revenue Budget in line with our statutory requirements and is central to managing debt liabilities and generating the potential for headroom for new borrowing if affordable and required.

The Government and CIPFA are currently developing new policy guidance on the Minimum Revenue Provision that councils will need to adopt. SCC's policy is always to meet the statutory requirements.

5. Prudential Indicators relating to Capital Investment

- 5.1.** Somerset County Council is required to monitor its overall level of debt in line with the CIPFA Prudential Code for Capital Finance under the Local Government Act 2003. This code, which is also subject to review, sets out a framework for self-regulation of capital spending; in effect allowing councils to invest in capital schemes which meet service delivery objectives as long as they demonstrate affordability, prudence and sustainability.

In order to facilitate the decision making process and support capital investment decisions, the code requires the Council to agree and monitor a number of prudential indicators. These indicators cover affordability, prudence, capital expenditure and debt levels.

The Prudential Code Indicators at Appendix C have been based on the assumption that Cabinet will approve the proposals contained in the Capital Investment Programme.

6. Background Papers

- 6.1.** County Council 30 November 2016: [Report of the Leader and Cabinet](#);
Cabinet 15 November 2017: [Medium Term Financial Plan 2018/19 – Proposed Capital and Revenue Savings](#);
DCLG – 11 March 2016 - Final Guidance on flexible use of capital receipts

Appendix A

Service	Scheme	2018.19		
		SCC Resources	3rd Party	Total
Children's and Families	St Augustine's School	9,000,000	0	9,000,000
Children's and Families	Schools Basic Need	9,900,900	0	9,900,900
Children's and Families	Schools Condition	990,000	0	990,000
Children's and Families	Schools Access Initiative	385,000	0	385,000
Children's and Families	Schools Safeguarding & Security	1,700,000	0	1,700,000
Children's and Families	Early Years Basic Need	1,400,000	0	1,400,000
Children's and Families	Early Years Condition	604,098	0	604,098
Children's and Families	Get Set	300,000	0	300,000
Children's and Families	Special Provision	572,131	0	572,131
	Education and Skills	24,852,129	0	24,852,129
Economic and Community Infrastructure	Colley Lane Southern Access Road	2,000,000	6,000,000	8,000,000
Economic and Community Infrastructure	M5 Junction 25	0	11,172,000	11,172,000
Economic and Community Infrastructure	Yeovil Western Corridor	2,373,358	6,193,000	8,566,358
Economic and Community Infrastructure	Vehicle Incursions to Network Rail Infrastructure	150,000	150,000	300,000
	Infrastructure	4,523,358	23,515,000	28,038,358
Economic and Community Infrastructure	Highway Structural Maintenance	22,750,000	0	22,750,000
Economic and Community Infrastructure	Highway Lighting - Basic Need	250,000	0	250,000
	Structural Maintenance	23,000,000	0	23,000,000
Children's and Families	Somerset Outdoor & Residential Learning Service Improvement Programme	288,750	0	288,750
Economic and Community Infrastructure	Gritter Replacement Programme	333,000	0	333,000
Economic and Community Infrastructure	Fleet Vehicle Replacement	980,000	0	980,000
Economic and Community Infrastructure	Traffic Signals Recovery Programme	1,000,000	0	1,000,000
Corporate and Support Services	Dillington House Improvement Programme	163,060	0	163,060
	Replacement Asset Programme	2,764,810	0	2,764,810
Economic and Community Infrastructure	Bridgwater - Taunton Canal and River Corridor	20,000	0	20,000
Economic and Community Infrastructure	Heritage Conservation	50,000	0	50,000
Economic and Community Infrastructure	Public Rights of Way	213,000	0	213,000
Corporate and Support Services	Corporate Property Investment (Major R&M)	325,000	0	325,000
Corporate and Support Services	Corporate Property Investment (County Farms)	150,000	0	150,000
Corporate and Support Services	A Block Priority 1 Improvements	6,441,500	0	6,441,500
	Structural Maintenance	7,199,500	0	7,199,500
Economic and Community Infrastructure	Business Growth Fund	400,000	400,000	800,000
	Economic Development	400,000	400,000	800,000
Economic and Community Infrastructure	Library Service Redesign	203,250	0	203,250
Corporate and Support Services	Corporate ICT Investment	4,794,600	0	4,794,600
	Transformation	4,997,850	0	4,997,850
Corporate and Support Services	Corporate Property Investment (Fire Precaution)	150,000	0	150,000
Corporate and Support Services	Corporate Property Investment (Asbestos)	50,000	0	50,000
Corporate and Support Services	Corporate Property Investment (Accessibility)	50,000	0	50,000
Adult Social Care	Extra Care Housing Adaptation	70,000	0	70,000
	Other	320,000	0	320,000
		68,057,647	23,915,000	91,972,647

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Appendix B

Indicative four year Impact of 2018/19 Programme

Service Area	2018.19	2019.20	2020.21	2021.22	Total
Schools - Primary and Secondary Sector	22,463,031	68,684,531	20,642,332	5,442,200	117,232,094
Highways and Traffic Management	24,000,000	0	0	0	24,000,000
Economic Development	800,000	0	0	0	800,000
Highways Engineering Projects	28,038,358	23,131,642	0	0	51,170,000
Support Services	11,961,100	3,750,000	0	0	15,711,100
Schools - SEN and Access	385,000	245,000	70,000	0	700,000
Heritage	50,000	0	0	0	50,000
Adult Social Care and Learning Disabilities	70,000	0	0	0	70,000
Early Years and Community Services	2,496,098	3,426,277	271,625	857,000	7,051,000
Other Services	1,709,060	130,000	197,500	97,000	2,133,560
	91,972,647	99,367,450	21,181,457	6,396,200	218,917,754

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Appendix C

PRU Indicators	2018.19 £m	2019.20 £m	2020.21 £m	2021.22 £m
Capital Expenditure	190.697	119.626	21.294	6.442
Ratio of Financing Cost to Net Revenue Stream	8.05%	8.14%	8.26%	8.18%
Incremental Impact on Council Tax	0.81	2.46	(1.09)	(0.94)
Capital Financing Requirement	403.340	474.415	486.622	481.656
Authorised Limits for Borrowing	422.580	493.985	506.910	506.910
Authorised Limit for Other Long Term Liabilities	54.065	53.041	52.207	51.293
Authorised Limit for External Debt	476.645	547.026	559.117	558.203
Operational Limits for Borrowing	401.541	471.205	483.814	483.814
Operational Limit for Other Long Term Liabilities	54.065	53.041	52.207	51.293
Operational Limit for External Debt	455.606	524.246	536.021	535.107
Capital Financing Requirement	403.340	474.415	486.622	481.656
Gross Borrowing and Other Long Term Liabilities	436.582	505.412	517.107	516.106
Under / (Over) Borrowing	(33.243)	(30.997)	(30.485)	(34.451)

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Somerset County Council

Cabinet
12 February 2018

2018/19 Medium Term Financial Plan (MTFP) and Revenue Budget

Cabinet Member(s): Cllr David Hall - Cabinet Member for Resources and Economic Development
 Division and Local Member(s): All
 Lead Officer: Kevin Nacey / Director of Finance, Legal and Governance
 Author: Marcus Venn / Finance Manager – Financial Planning
 Contact Details: Kevin Nacey 01823 359014
 Marcus Venn 01823 359676

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	22/1/18
	Monitoring Officer	Julian Gale	25/01/2018
	Corporate Finance	Lizzie Watkin	22/1/18
	Human Resources	Chris Squire	22/1/18
	Property / Procurement / ICT	Richard Williams	22/1/18
	Senior Manager	Kevin Nacey	1/2/18
	Local Member(s)	All	
	Cabinet Member	Cllr David Hall	22/1/18
	Opposition Spokesperson	Cllr Simon Coles	30/1/18
	Relevant Scrutiny Chairman	Cllr Leigh Redman Cllr Hazel Prior-Sankey Cllr Tony Lock	30/1/18
Forward Plan Reference:	FP/17/08/09		
Summary:	<p>This report sets out proposals and supporting information to enable the Leader of the Council and the Cabinet to recommend the following to Full Council at its meeting on 21 February 2018:</p> <ol style="list-style-type: none"> 1. Proposed Revenue Budget for 2018/19 2. Level of Council Tax precept for 2018/19 <p>Information contained in this report is based on the Provisional Local Government Finance Settlement and final figures should be announced on the 5th February.</p>		
Recommendations:	<p>The Leader and Cabinet are recommended to agree and recommend to Full Council:</p> <ol style="list-style-type: none"> 1. The 2018/19 Revenue Budget which sets <ol style="list-style-type: none"> i. Net Revenue Budget of £316,881,900; ii. Council Tax Requirement of £230,250,000; iii. A Council Tax increase of 5.99% (including a 3% precept for Adult Social Care) giving a Band D value of £1,192.16; 		

	<p>iv. Specific savings targets as shown in Appendix A after having due regards to the potential impacts identified in this report and its appendices</p> <p>2. Continuing the Council Tax precept of £12.84 within the base budget for the shadow Somerset Rivers Authority (representing no increase). This results in a Council Tax Requirement of £2,506,900;</p> <p>3. Delegation of powers to the Leader of the Council and the Section 151 Officer to finalise budget proposals and recommendations to Full Council on the 21st February 2018 if changes are required to reflect the Final Local Government Financial Settlement and ensure that a balanced budget is considered at Full Council.</p> <p>The Leader, Cabinet and Council are recommended to note:</p> <p>4. Whilst the Council is able to present a balanced budget for 2018/19, it is on the basis that all savings proposals included are achieved;</p>
<p>Reasons for Recommendations:</p>	<p>To enable the County Council to meet its statutory requirements in respect of:</p> <ul style="list-style-type: none"> • Determining a balanced budget; • Setting a Council Tax Requirement; • Issuing Precepts on the District Councils. <p>The recommendations also recognise the separate responsibilities for:</p> <ol style="list-style-type: none"> 1. The County Council to set the Annual Budget for 2018/19 2. The Leader of the Council, Cabinet and Officers to manage services, approve savings proposals and make changes within the overall envelope of the agreed budget, Schemes of Delegation and the Council's Financial Regulations.
<p>Links to Priorities and Impact on Service Plans:</p>	<p>The MTFP is the vehicle that allows the Council to identify resources to deliver the County Plan and covers both Revenue and Capital resources.</p>
<p>Consultations and co-production undertaken:</p>	<p>Last year we held a large number of consultations with the public via our Tracker Surveys and "Listening, Learning, Changing" events, consulting over 7,000 residents. The level of council tax increase proposed this year is consistent with the feedback we received. This year's increase for the SCC core Council Tax element is in line with inflation and central government has increased the cap accordingly to reflect that. Special dispensation has been given to all councils with responsibility for Adult Social Care to raise a precept to increase funding for this service, and it is expected in government's financial assumptions that all councils will do so.</p>

<p>Financial Implications:</p>	<p>In order to calculate a balanced budget the Council estimates all future income and expenditure requirements; taking into account movements to or from reserves.</p> <p>The financial implications arising from this report are included within the detail of the report.</p>						
<p>Legal Implications:</p>	<p>It is a statutory requirement under the Local Government Finance Act 1992 for the Council to set a balanced budget by 11 March of the preceding financial year.</p>						
<p>HR Implications:</p>	<p>The normal consultation and engagement with staff and recognised trade unions is being adhered to, and staff will be kept informed of the implications of all proposed decisions. It is estimated that a 45 day consultation with the unions will be necessary, as current savings proposals indicate the loss of more than 100 posts.</p>						
<p>Risk Implications:</p>	<p>The key risks are:</p> <ol style="list-style-type: none"> 1. Slippage or under achievement of the proposed savings within the 2018/19 budget as there are limited resources available to address any significant in-year overspends and maintain a sustainable budget; 2. The failure to address areas of overspend that occurred in 2017/18 in the next financial year. <p>The Government's continued deficit reduction programme has significantly reduced the levels of funding available in Local Government. The Council faces substantial on-going challenges to achieve a sustainable balanced budget</p> <p>It is important that Members understand the risks to approved budgets, maintaining sufficient reserves, balances and contingencies as well as managing a range of mitigations to limit as much as possible potential impacts on core services, especially those prioritised in the County Plan.</p> <p>As savings become ever more difficult to identify and then deliver, it is imperative that expenditure is kept within existing budgets.</p> <table border="1" data-bbox="515 1675 1463 1711"> <tr> <td>Likelihood</td> <td>5</td> <td>Impact</td> <td>5</td> <td>Risk Score</td> <td>25</td> </tr> </table>	Likelihood	5	Impact	5	Risk Score	25
Likelihood	5	Impact	5	Risk Score	25		
<p>Other Implications (including due regard implications):</p>	<p>It is essential that decision makers ensure that consideration is given to legal obligations, in particular the need to exercise the equality duty under the Equality Act 2010, to have due regard to the impacts based on sufficient evidence appropriately analysed.</p> <p>This however does not prevent the Council from making difficult financial decisions, such as the reductions in service or decisions which may affect one group more than another. What the duty requires is consideration of all available information, including the potential impacts and mitigations to ensure a fully</p>						

	<p>informed decision is made.</p> <p>The proposals included within as part of the MTFP process, represent the direction of travel for the authority. Where known the equality impact of the proposals is summarised in Appendix E.</p> <p>There are a number of individual decisions that will subsequently arise as a result of delivering savings which will be subject to the production of equality impact assessments in line with the Council's equality impact assessment guidance.</p>
<p>Scrutiny comments / recommendation (if any):</p>	<p>All Scrutiny Committees met in January and the outcomes of the discussions will be made available to Cabinet and Full Council.</p>

1. Background

- 1.1. The setting of the annual budget is one of the most important decisions the County Council makes each year. It is when the Council determines its income from council tax and the resource framework in which the Council will operate. It also delegates authority to Directors to manage the budget within the parameters set out in the Council's Constitution and Financial Regulations.
- 1.2. The County Council is operating in the most challenging conditions it has faced. The Medium Term Financial Plan continues to be set against a backdrop of uncertainty regarding funding in the longer term. What is certain is the continuing loss of government grant, an increasing level of demand for many services and a statutory need to be met to provide school places. The Council is at a point where only fundamental transformation will ensure a sustainable financial platform on which the council can continue to deliver for its residents.
- 1.3. Over the year ahead we will have to review all services in terms of their outcomes and their affordability. It is clear that Children's Services particularly, but also some parts of Adult Services, will need an injection of new funding by 2020. The Government has promised to augment Council resources with increased access to Business Rates and we must manage within existing resources until then. We will have to look carefully at our current spending plans to see what can be reduced maybe in the short to medium term to find funds to increase budgets for those services under the greatest pressure. The result of the latest Ofsted inspection is favourable but we will need to continue to invest to improve further. There will need to be a review mid-way through the next financial year to re-align some of our budgets to ensure that investment is possible.

2. Key Messages

- 2.1. Local Government continues to be the area which faces the largest reduction in funding across public services. As a result, the Council faces an extremely challenging financial environment with a continued requirement to make substantial savings over the medium term. The 2018/19 budget is designed to enable the Council to manage the unprecedented financial challenges faced. While the overall level of savings for the next few years is lower than the last few years, the difficulty in achieving the savings is greater.

- 2.2. Recommendations to Cabinet to close the budget gap include increasing council tax by 5.99%, including the Adult Social Care precept at 3%. This will help reduce the pressure to make savings and provide much needed funding to Adult Social Care to meet service demand.
- 2.3. In summary, therefore, the estimated £13m gap will be closed by raising an additional 1% on the general council tax (£2.1m), some revisions to more corporate non-service budgets (£1.8m) and £8.845m of service savings as per Appendix A.
- 2.4. The Band D charge last year for SCC was £1,124.79
The 2.99% increase for basic Council Tax will add £33.63
The 3% Adult Social Care precept will add a further £33.74

The SCC Council Tax charge for a Band D property will therefore be £1,192.16. This will be a £67.37 increase for the year and represents an increase of £1.30 per week on average for SCC's element of the overall bill.

- 2.5. All of the above figures are subject to slight variation when we finalise the Full Council papers as the final local government financial settlement had not been announced before these papers were issued.

3. Local Government Financial Settlement

- 3.1. On 19 December 2017 the Secretary of State for Communities and Local Government Sajid Javid MP announced the Provisional 2018/19 Local Government Finance Settlement. The announcement set out provisional funding allocations for 2018/19 which were originally announced in December 2015 as part of the multi-year settlement offer. It also marked the start of a four week consultation period ending on 16 January 2018.
- 3.2. The main announcements from the settlement were
 - An “aim” to localise 75% of business rates from 2020-21 and implementation of the new needs assessment;
 - Confirmation of the continuation of the Adult Social Care precept including the flexibility to raise the precept to 3% this year but by no more than 6% over the 17-18 to 19-20 period;
 - Increased council tax referendum principle from 2% to 3% for 2018-19 and 2019-20;
 - Continuation of the Capital Receipts flexibility programme for a further three years until 2021/22;
 - Rural Services Delivery Grant reduction for 2018/19 has been cancelled, providing a £500k increase in our expected funding;
 - Revisions to the calculations for business rates baselines and New Homes Bonus that for SCC effectively reduces our available funding by £475,000;

- In addition to those already announced; ten 100% business rates retention pilots have been accepted for 2018-19, but Somerset was not successful in its bid;
 - Consultation in the spring on “fair and affordable options” to tackle negative RSG in 2019-20. This does not affect SCC but it does affect some district councils in Somerset.
- 3.3.** The Final Settlement is expected to be announced on the 5 February 2018 and any update will be provided to Full Council when known.

4. 2018/19 Revenue Budget Approach

- 4.1** In July 2017, the Cabinet agreed to continue with the new approach adopted in 2017/18 of identifying savings across Themes. This is an outcome-led approach aimed at redefining services to meet resident’s needs and to maximise available resources for the Council’s priorities. It remains critical that the Council takes a longer term, strategic approach, despite the fact that uncertainty over funding beyond 2020 makes that more challenging.
- 4.2** The Council has developed savings proposals required to close the estimated gap of £13m. The focus for delivering savings will be primarily through a comprehensive review of all existing and planned contracts, reducing our third party spend. Some of the savings in our contractual expenditure will be made via better procurement, working with our supply chain to reduce rates and unit costs but we must also try to reduce demand and the volume of activity put through those contracts. In some instances we will have the opportunity to revisit contracts about to expire and this provides the chance to rethink how we approach the market for the provision required and really examine what outcomes are most needed.
- 4.3** The second area of focus will involve trying to identify a number of smaller projects that will manage demand or find efficiencies within services. This will entail looking at our staffing and particularly management levels throughout the organisation to see if we can use technology better to try and see where any further efficiency can be made.
- 4.4** We have lost a further £10m in government grant and without a more permanent solution likely until 2020/21, we need to look to fund statutory and high priority services through a combination of savings and by increasing council tax.
- 4.5** The new service savings for 2018/19 of £8.845m are shown under themes in Appendix A. In addition to the value of new savings identified for 2018/19, we still need to deliver those savings planned for 2018/19 that were identified under the themed approach last year. These are shown in Appendix B.

5. Revenue Budget

- 5.1.** On the basis that the Revenue Budget savings proposals are accepted as detailed in this report, a balanced budget requirement of £316,881,900 has been

achieved; as shown in Appendix C and future (surplus) / deficits are

- £8.615m in 2019/20
- £5.848m in 2020/21
- £1.087m in 2021/22

5.2. This gives an overall cumulative shortfall of £15.550m for the MTFP period. The previous acceptance of the four-year settlement offer has provided some certainty over levels of some funding. However estimates for funding beyond 2018/19 are only indicative and assume:

- A Council Tax increase of 2.99% for 2019/20 dropping back to 1.99% in future years (subject to political approval);
- An Adult Social Care precept of 1% in 2019/20;

6. MTFP Governance

6.1. The savings included at Appendix A and B, and requested for approval by Cabinet to Full Council in February, will be delivered through subsequent separate decisions, via the Leader of the Council, Cabinet, Cabinet Members or Officers, following the Council's established decision making processes

7. Council Tax Precept (Appendix D)

7.1. Somerset County Council (SCC)

In accordance with section 75 of the Localism Act 2011, the Leader and Cabinet are asked to propose to Full Council, a council tax requirement of £215,378,600 for 2018/19, relating to SCC representing a Council Tax charge of £1,103.15 for a Band D property. This represents a 2.99% increase for next year.

7.2. Adult Social Care (ASC)

The Adult Social Care precept was introduced in the 2016/17 Settlement for local authorities, with social care responsibilities to collect an additional precept to generate new funding, to be spent exclusively on adult social care services. The 2018/19 Settlement has confirmed the continuation of the ability to levy this precept, and allows upper tier authorities to increase the 2% to 3% for this year. However the total increase over the three years to 2019/20 cannot be in excess of 6%.

The Leader and Cabinet are asked to propose to Full Council a council tax requirement of £14,871,400 relating to ASC representing a Council Tax charge of £76.17 for a Band D property. We are recommended to show the cumulative precept this way by DCLG, to show the total committed to Adult Social Care since the precept was introduced. This represents a 3% increase for 2018/19.

7.3. Somerset Rivers Authority (SRA)

Permission was given to SCC and the five Districts within Somerset to raise an additional precept on behalf of the Somerset Rivers Authority in 2016/17, whilst the government put in place legislation to create a new precepting body.

Government has since stated that the workaround will remain in place until such time as the precepting body is created.

SCC was allowed to raise an additional precept equivalent to up to 1.25% of the 2015/16 Band D charge of £12.84 for the SRA.

The Leader and Cabinet are asked to propose to Full Council a council tax requirement of £2,506,900 relating to the SRA funding requirements for 2018/19.

8. Schools Funding

- 8.1.** The Schools Budget is funded entirely from ring-fenced government grant, therefore the process of setting the budget is managed separately but in parallel with the MTFP.
- 8.2.** Detailed recommendations in respect of the Schools and Early Years Funding Formulae have been provided following consultation with the Schools Forum and the Compact Executive.

A Key Decision will be taken by the Cabinet Members for Children and Young People and Resources in February 2018, once final values are known, setting the schools formula values and the allocation of the Dedicated Schools Grant between blocks.

9. Implications

9.1. Financial Implications

The financial implications arising from this report are included within the detail of the report.

Council will recall approving a revised Scheme of Members' Allowances in July 2017 following the election of the new Council. The changes made reflected the revised governance arrangements of the Council and included an indexing provision linking increases in the Basic Allowance and Special Responsibility Allowances to officer pay awards. This mechanism will be applied automatically when the officer pay award for 2018/19 is agreed. Beyond this, the Joint Independent Remuneration Panel is not recommending any changes to the Council's Scheme so the current Scheme will continue to apply for 2018/19 with the figures updated as necessary to reflect the pay award. The proposed 2018/19 Annual Budget reflects this.

9.2. Legal Implications

The Council is required to set a balanced budget, and in considering the budget, Council must have regard to the advice of its Chief Financial Officer, appointed under section 151 of the Local Government Act 1972.

The Council is required to issue any precept or precepts in accordance with section 40 of the Local Government Finance Act 1992.

If during 2018/19, the Section 151 Officer considers that the level of planned

expenditure is greater than the available resources, then under Section 114 of the Local Government Act 1988 the Section 151 Officer is under a duty to produce a report to the Cabinet and for a Full Council meeting to be held within 21 days to consider it, and agree mitigating actions to achieve a balanced budget.

Under section 25 of the Local Government Act 2003 the Chief Financial Officer is required to report on the robustness of the estimates made for setting the budget and on the level of reserves.

The setting of the budget is a function reserved for Full Council, but the Cabinet is required to consider the recommendations it wishes to make to Full Council.

Members are reminded that Section 106 of the Local Government Finance Act 1992 applies to this meeting. Members who are two months or more in arrears with their Council Tax must declare this to the meeting and must not vote on budget recommendations, as to do otherwise can be a criminal offence.

9.3. HR Implications

The nature and scale of the savings required means that there will be implications on posts and employees. In line with the usual MTFP processes, the Council has engaged with its recognised trade unions throughout the year and is currently in collective consultation. Dialogue and engagement will continue as the budget position and impacts become clearer.

Over 100 posts are likely to be affected by the proposals. The authority will look to meet any staff savings through vacancy management and voluntary redundancy where possible; however compulsory redundancies are significantly more likely to occur than in previous years.

9.4. Risks and Impacts

Over the last couple of years, the financial value delivered via approved savings proposals has reduced, reflecting the difficulty of the proposals and the fact that all 'quick wins' have been taken.

Mitigation plans have to date been put in place to try to ensure that the Authority does not overspend. Nevertheless, this risk to the delivery of the 2018/19 budget is highlighted as previous mitigating actions are limited. Any overspends during 2018/19 will become a pressure on the allocated contingency budget and general reserves, but it should be highlighted that these funding sources are limited and cannot support significant overspends.

The Strategic Risk Management Group meets regularly, together with the Section 151 Officer and produces regular reports to the Senior Leadership Team regarding the Risk Register. The latest projections in respect of the council's financial and staffing resources, performance management and the levels of risk that the Council is managing, along with recommended mitigations and remedial actions is under constant review by SLT.

The Section 151 Officer will set out any specific risks and mitigations for the proposed Revenue Budget and MTFP as part of his 'robustness of estimates and the adequacy of reserves and balances' report to Full Council on 21 February.

10. Background Papers

- 10.1.
- County Council 15 February 2017: [Report of the Leader and Cabinet](#);
 - Cabinet 10 July 2017 [MTFP Development report](#)
 - Cabinet 15 November 2017: [Medium Term Financial Plan 2018/19 – Proposed Capital and Revenue Savings](#);
 - [Provisional local government finance settlement](#): England, 2018 to 2019.

Service	Area	Proposal Title	Description	£
Economic and Community Infrastructure	Traffic Management and Road Safety	Staffing review and Traffic Management	A number of proposals related to income and charging to support traffic management activity such as congestion management, highway safety and parking demand. In addition there will be a need to reduce the teams by 2 posts.	(470,200)
Economic and Community Infrastructure	Economic Development	Reduce Inward Activity Levels to a minimum level	Savings could be made by reducing the campaigning and marketing work done with the district councils and the LEP; some savings would also be made in associated staffing.	(55,000)
Economic and Community Infrastructure	Commissioned services	Commissioning Team Service Redesign and Restructure	A mixture of charging increases, service reductions, including flood and water management, staff reductions in the infrastructure commissioning function, combining roles and restructuring the teams.	(144,000)
Economic and Community Infrastructure	Highways and Infrastructure delivery	Staffing review and delivery of Highways Contract Savings	These savings were planned as part of the new contract.	(114,800)
Corporate and Support Services	Legal Services	Reduction in the use of external legal capacity	This may on occasion slow down the response of legal services to other services. We would not let this affect urgent care proceedings and we would maximise use of trainee roles and existing staff.	(320,000)
Corporate and Support Services	Finance services	Reduction in service manager post serving corporate services	This work will need to be spread amongst existing service and strategic managers both within finance and within those services.	(50,000)
Corporate and Support Services	Corporate Affairs	Staffing reductions	This will be achieved by managing vacancies and a staff restructure of the teams.	(305,000)
Corporate and Support Services	HR	A mixture of third party and staffing expenditure savings	Various proposals including third party contract savings e.g. Occupational Health. In addition, a review of staffing levels in payroll and a management re-structure.	(210,000)
Corporate and Support Services	IT Services	A mixture of third party and staffing expenditure savings	This will be achieved by deleting a number of posts currently vacant, some contract efficiencies (notably through our Cloud first approach), and targeted service reductions.	(477,600)
Corporate and Support Services	Corporate Business Support	Reduction in support capacity to SLT	This will be delivered by deleting a vacant post in the Executive PA support team	(20,000)
Corporate and Support Services	Commercial and Business Services	Staffing reductions	Removal of a couple of posts that will further reduce procurement capacity.	(80,300)
Corporate and Support Services	Core Council (Change Programme)	Staffing reductions	This will be delivered by deleting two permanent posts	(120,000)
Corporate and Support Services	Property	Facilities Management savings	There will be a focus on office based services and resources both in County Hall and area hubs, resulting in more staff self service.	(298,500)
Corporate and Support Services	SSE	Efficiencies across trading activities	Working with our partners and customers to make efficiencies in all our activities.	(400,000)
Adults and Health	Adults and Health	Demand Management	Continuing with the demand management approach adopted in West Somerset in 17/18 and rolling this model out across Somerset. The approach to promote independence and enable the elderly to do more for themselves has reduced costs in west Somerset and is predicted to help deliver savings. The total budget for Adults' Services is £137m and the aim is to save £3.1m (2.3%)	(3,100,000)
Children and Families	Children's Services	Savings in cost of placements	A detailed analysis of spend across the main areas of expenditure within Children's Services shows that we are higher than average in residential placements. For example, Somerset has the second highest unit costs for residential care placements (external provision) compared to the five authorities most similar to us nationwide. We also have the second highest for usage of this type of provision. Given this and the pressure on the in-year placements budget, we are working on this area of the service to identify how we can both improve outcomes and spend less in this area. The saving can be made by converting 3 or 4 new or existing placements into fostering placements rather than residential but of course the risk is the timing, demand and of course matching the need to the provision as best we can.	(723,000)
Children and Families	Children's Services	Making efficiencies in our transport operations;	Much of the spend is in a statutory area of service in school transport but we know there is a higher than average cost in this service area. Working with the suppliers and given the difficult current market conditions, we need to be more innovative in how we redesign services, processes and behaviours that will help bring overall costs down. This will be done by working more closely with them, understanding their cost bases and in some cases establishing contracts that help the sustainability of supply but provide some reduction in the costs we need to bear.	(535,000)
Children and Families	Children's Services	Reducing the levels of business support to some operations;	There is terrific support provided by business support staff to front-line children's services but there is also opportunity to streamline some of the social work practice that drives the level of support. By increasing the use of technology and reviewing process through a comprehensive end to end review of the support provided this should generate significant savings in productivity in social workers and in other parts of the Council that interact with business support. This saving is very much linked with the Technology and People workstream.	(505,000)
Children and Families	Children's Services	Reviewing management levels in some areas of service.	In the last few years the priority to improve outcomes and service performance has meant that we have had to increase managerial input into design, development and management of service provision. We will now review the existing resources mostly to ensure we have the right skills and expertise in the right areas to improve the entire service further. This will mean however that there is opportunity to reduce in some areas the level of management we have needed previously.	(810,000)
Public Health	Public Health	Reduction in the Public Health training programme	The savings proposal for this budget is to reduce it by £107,000, through small reductions to a number of project budgets, including training. The initial view therefore is that this will only be a one-off saving for next year. This saving is considered to be achievable for the 2018/19 financial year but we will review subsequently whether other savings are possible.	(107,000)
			Service Savings Proposals	(8,845,400)
Non Service	Contingency	Reduction in the central contingencies budget	Reduction in the central contingencies budget from £7.6m to £7.3m.	(307,600)
Non Service	Collection Fund	Council Tax Collection surplus - proportion to be included in the base budget	£1m of an estimated £3m.	(1,000,000)
Non Service	Business Rates Pool	Expected gain from Business rates pooling with district councils	Expected Gain from the Business Rates Pool.	(500,000)
			Non Service Savings Proposals	(1,807,600)
			Total Savings Proposals	(10,653,000)

Appendix B

2018-19 Savings Proposals

Theme	2018.19	2019.20	2020.21	Total
Technology and People	0	0	0	0
Productivity and Culture	(2,278,300)	0	0	(2,278,300)
Commercial and Third Party Spend	(1,280,600)	0	0	(1,280,600)
Stronger Communities	0	0	0	0
Partnership and Integration	(400,000)	0	0	(400,000)
Service Redesign	(4,786,500)	0	0	(4,786,500)
Transport	(100,000)	0	0	(100,000)
Total	(8,845,400)	0	0	(8,845,400)

Prior Year Savings Proposals

Theme	2018.19	2019.20	2020.21	Total
Technology and People	(765,000)	(3,740,000)	(2,575,000)	(7,080,000)
Productivity and Culture	(150,400)	(21,600)	(21,600)	(193,600)
Commercial and Third Party Spend	(1,215,000)	(274,000)	0	(1,489,000)
Stronger Communities	(45,000)	(400,000)	0	(445,000)
Partnership and Integration	(330,000)	(300,000)	(300,000)	(930,000)
Service Redesign	(337,500)	(60,000)	0	(397,500)
Transport	(229,400)	(1,000,000)	(300,000)	(1,529,400)
Total	(3,072,300)	(5,795,600)	(3,196,600)	(12,064,500)

Total Savings Proposals	(11,917,700)	(5,795,600)	(3,196,600)	(20,909,900)
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2018/19 MTFP Control Totals

Appendix C

	2018.19 Budget
Adults Services	134,281,000
Children Services	65,630,400
Economic and Community Infrastructure Services	62,351,100
Public Health	982,600
Key Services	263,245,100
Corporate and Support Services	22,935,800
Non-service items (inc Debt Charges)	36,458,800
	322,639,700
Un-ring Fenced Grants	(5,332,000)
General Reserves	2,912,600
Earmarked Reserves	(736,000)
Contribution To / (From) Reserves, Capitalisation Flexibility and Capital Fund	(2,602,400)
Net Budget Requirement	316,881,900

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Appendix D

Somerset County Council's Proposed Council Tax 2018/19

Recommended Increase 5.99% Including Social Care Precept

Band	Ratio	2017/18 Total Precept	2018/19				Council Tax Increase	Council Tax Increase Per Week
			SCC Precept	ASC Precept	SRA Precept	Total Precept		
			£	£	£	£	%	£
A	6/9	749.85	735.43	50.78	8.55	794.76	5.99%	0.86
B	7/9	874.84	858.01	59.24	9.99	927.24	5.99%	1.01
C	8/9	999.81	980.58	67.71	11.41	1,059.70	5.99%	1.15
D	9/9	1124.79	1103.15	76.17	12.84	1,192.16	5.99%	1.30
E	11/9	1374.74	1348.29	93.10	15.69	1,457.08	5.99%	1.58
F	13/9	1624.70	1593.44	110.02	18.55	1,722.01	5.99%	1.87
G	15/9	1874.65	1838.58	126.95	21.40	1,986.93	5.99%	2.16
H	18/9	2249.58	2206.30	152.34	25.68	2,384.32	5.99%	2.59

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Council Tax Precepts by District

District	Equivalent Band D Properties (Taxbase)	SCC Precept	ASC Precept	SRA Precept	Total Precept
		£	£	£	£
Mendip	39,599.15	43,683,805.00	3,016,266.88	508,457.81	47,208,529.69
Sedgemoor	40,077.97	44,212,015.31	3,052,738.59	514,605.91	47,779,359.81
South Somerset	59,988.28	66,176,075.14	4,569,306.72	770,256.67	71,515,638.53
Taunton Deane	41,486.30	45,765,614.65	3,160,011.08	532,689.04	49,458,314.77
West Somerset	14,087.92	15,541,089.90	1,073,076.73	180,890.57	16,795,057.20
Total	195,239.62	215,378,600.00	14,871,400.00	2,506,900.00	232,756,900.00

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SOMERSET COUNTY COUNCIL SUMMARY OF MTFP 2018/19 IMPACTS

1.1 Summary of Impacts for MTFP 2018/19

The County Plan 2016-2020 (approved by the County Council in February 2016) is the key high-level document; which along with the Revenue Strategy 2016/17 to 2020/21 (approved by the County Council in February 2015) and the Medium Term Financial Plan 2018/19, sets the Council's strategic policy direction. The County Plan includes the following aim 'We will continue to work within our income – no council is allowed to run up a budget deficit –unlike Government or other parts of the public sector.'

The proposed net revenue budget for 2018/19 is £ 316 million and aims to continue to support key priorities in the County Plan and which support people with protected characteristics such as:

- Majority of the revenue budget allocated towards funding adult social care services (older people and people with a disability), including funding the impact of the national living wage and duties under the Care Act
- Continuing to invest in Children and Families social workers and meeting the demand for children in care places. This will help support the objectives in the Children and Young Peoples' Plan.
- Maintaining essential roads to enable people with a protected characteristic to access essential services.

In addition to the proposed revenue funding, the proposed Capital Investment Programme for 2018/19 aims to invest over £91m into meeting priorities and supporting outcomes for people with protected characteristics (further details can be found within the Capital Investment Programme 2018/19).

All budgetary proposals carry associated impacts – whether it is an impact on service delivery, equalities, sustainability, privacy, crime and disorder, health and wellbeing, staff, or a combination of any or all of these. The level of savings required for 2018/19 and the next two years of the MTFP is significant and requires robust consideration regarding their impact. The savings required are in addition to the cumulative impacts of years of delivering significant budget savings and service changes.

Somerset County Council continues to find it challenging to balance its budget within available resources whilst still meeting its core statutory duties such as protecting children and supporting elderly and vulnerable people. The outlook for the next few years remains highly challenging with managing continued service pressures being experienced in Children and Families and as the demand for Adult Social Care continues to rise due to our ageing population and following the introduction of additional responsibilities for the County Council brought in under the Care Act. People are living longer but with more complex conditions such as dementia and chronic illnesses.

Creating a picture of how people are being affected by the Council's budget reductions and proposed future changes to services is incredibly difficult and complex. People are

different in terms of their needs and expectations; people's interaction with public services and dependence upon public services vary. Life changing events such as the birth of a child, death of a partner or deterioration in health can alter, sometimes very quickly, a person's dependence on services. Living in rural communities may be a dream for some but for some it can also present challenges.

Consideration of the continuing need to reduce inequalities as far as possible must be integral to the budget reduction process. There must be an appropriate balance struck between, on the one hand being aware of the impact and risks, seeking to avoid or mitigate adverse impacts and, on the other, the benefit and necessity to making the saving to achieve a balanced budget. It is therefore inevitable that it may not be possible to mitigate all impacts.

In order for the Council to fulfil its legal requirements under the Public Sector Equality Duty, Members are asked to have due regards to the high level impact assessments that have been completed for the relevant themes and specific savings targets that form the Medium Term Financial Plan 2018/19. An Impact Assessment is a way of examining and analysing our services, policies and strategies and identifies potential impacts on certain groups of people allowing us to make informed decisions that can be evidenced and published.

This summary of key impacts and the high level impact assessments supporting the theme proposals and specific savings targets have been developed to help councillors:

- debate the issues,
- consider proposed decisions,
- consider the viability of alternatives
- agree potential mitigating measures and note impacts which may not be able to be mitigated
- make informed and fair decisions

The impact assessment process that the Council follows and its duties under the Equality Act 2010 are set out in Annex 1.

Annex 2 sets out equalities information at a county level for the protected characteristics and local characteristics that decision makers need to be aware of.

1.2 Key Impacts from the MTFP 2018/19 proposals

The 2018/19 budget proposals continue to seek to protect families, communities and front line services where possible, as well as continue to support the delivery of the key priorities within the County Plan. Furthermore they are shaped by consideration of the impacts on equality groups and the vulnerable in our society.

Members are recommended to have due regards to the high level impact assessments for each of the themes and the specific savings targets. The proposed changes to funding services within the budget proposals can be seen elsewhere in the MTFP report. Adults and Health Operations services, Children's Services and Corporate and Support Services (back-office support to frontline service) are set to deliver the largest savings targets. It should be highlighted that Adults & Health and Children's Services have the largest budget allocations for all services and therefore any reductions they can make are likely to have a high financial effect. The largest new savings targets within the MTFP 2018/19 relate to proposed reductions in budgets for:

- Adult Social Care demand management
- Children’s Services – reviewing management levels, reviewing costs of placements, transport services and levels of support services
- Traffic Management and Road Safety
- Reductions in Economic and Community Infrastructure commissioning
- Corporate and Support Services (such as IT, Facilities Management and HR) and back-office support staff

It should be highlighted that the County Council approved a number of savings targets in February 2017 which also have an impact in 2018/19. The details of these savings have been provided previously to members.

Every effort has been focused on driving efficiencies and savings whilst minimising impacts on service users and in particular vulnerable people.

This summary and any high level impact assessments will assist and inform Cabinet and County Council at their meetings on 12 February 2018 and 21 February 2018 respectively as part of setting the 2018/19 budget.

Review of the themed proposals identifies the following:

Community Safety

Section 17 of the Crime and Disorder Act 1998, as amended by the Police and Justice Act 2006, requires responsible authorities to consider crime and disorder, including anti-social behaviour and other behaviour adversely affecting the local environment; and the misuse of drugs, alcohol and other substances in the exercise of all their duties, activities and decision-making. This means consideration must be given to the likely impact on crime and disorder in the development of any policies, strategies and service delivery. This responsibility affects all employees of the council.

It is well researched that young people are most at risk of becoming victims of crime and disorder. Reductions in services for young people could increase this risk further. Whilst minimal again this year (in comparison to other savings proposals) adding these reductions to previous years will increase the chance of young people becoming a victim of crime, or taking part in (or be perceived as taking part in), anti-social behaviour or criminal activity.

Section 26 of the Counter Terrorism and Security Act 2015 requires Somerset County Council as well as a range of other public agencies to give “due regard to the need to prevent people from being drawn into terrorism” by embedding the Prevent Duty. This means that the Council should place an appropriate amount of weight on the need to prevent people being drawn into terrorism. Whilst none of the theme proposals are considered to have any direct negative implications on this relatively new duty, consideration should be given in necessary (re)commissioning processes to ensure that our providers are also giving due regard on our behalf.

Equality and Diversity

The Transport and Service Redesign themed proposals identify a disproportionate impact on Age, Disability, Women and Carers.

- The greatest impact from the majority of the theme proposals would be an impact on the **workforce** of the County Council. Decision makers are asked to have regards to the County Council's Workforce Equalities Report 2017 that is published at <http://www.somerset.gov.uk/information-and-statistics/financial-information/impact-assessments/>
- The proposed increase in Council Tax could increase the impact on people with protected characteristics. However it should be remembered that SCC's council tax is still amongst the lowest of any county in the country and that all efforts to protect the tax payer have been made.
- It is clear that vulnerable groups in rural locations could continue to experience greater impacts than those where there is easier access to services and better transport links.

The proposed Council Tax increase will impact across all property bandings. Through the District Councils' Council Tax Reduction Schemes, protection is in place to support certain groups.

- Low income pensioners are entitled to full Council Tax support protection from district councils and funded by the County Council.
- Single person household pensioners are also eligible for the 25% single person discount.

Nevertheless, lower income households are more likely to be affected by a rise in council tax because they have less disposable income to reduce the impact of the proposed increases.

Health and Safety

Under the area of Health and Safety the following themes are potential business risks:

- The negative impact of reduced staffing levels and use of temporary staff where it is not aligned to a commitment to a reduction in service delivery, resilience building or more streamlined ways of working, will continue to rise.
- The reduced headcount of the organisation will continue to lead to difficulties in fulfilling essential duties (in terms of Health and Safety governance) but which are outside of job descriptions and in having people with the appropriate levels of competence to manage the Health and Safety risks effectively
- The increase in the number of externally commissioned services and external contracts results in a higher risk of poor compliance with Health and Safety legislation if they are not set up and managed correctly.

Health and Wellbeing

While virtually impossible to quantify, the scale of change and cuts across public services could mean that if people are unable to access assistance, there may be consequences for mental health, domestic abuse etc. with knock-on impacts to health services and criminal justice.

Privacy

Review of the theme proposals has identified the following main risks based on how the organisation is changing and how these run through most of the impact assessments. The risks are based around the statutory requirements of the Data Protection Act and the potential impact on client confidentiality and the risk of fines from the Information Commissioner's office. There are increased pressures on this aspect of service delivery due to the imminent adoption of the General Data Protection Regulation in May 2018 and the additional requirements this places on all organisations processing personal information, especially those with responsibilities for Health and Social Care.

The assessments include further outsourcing of service or working with partners to deliver services together as follows:

- There is recognition that reduced staffing levels could lead to an increase of errors and data being dealt with incorrectly.
- There is also a recognition that reduced budgets may impact upon the capacity of organisations to provide adequate information security training.
- A number of the savings proposals involve working with partners or moving to services provided in conjunction with a third party. This approach creates the potential for increased risk in protecting sensitive data. Where these approaches are used then services will need to use Information Sharing Agreements for working together with third parties and Contract Clauses when procuring service provision.
- There are also a number of projects that include provision for shared buildings and accommodation; care must be taken to ensure appropriate separation of personal information and systems to ensure the privacy of individual service users. This is particularly relevant for the CASA programme and proposals for closer integration between health and social care.

Similar to health and safety, there is a concern that a reduction in staffing levels will lead to a reduction in knowledge in how to deal with information security within the organisation.

Sustainability

Officers have reviewed the savings proposals in respect of their impact on the Council's Minerals and Waste policies and not identified any specific issues.

Working with partner authorities through the Somerset Waste Partnership, recycling campaigns have been delivered focussed on nudging behaviour towards more sustainable and more cost effective practice to 'reduce, reuse and recycling' of waste. The aim is to encourage more sustainable practice, where this brings cost benefits in managing waste. There are a number of proposals within the Capital Programme that will have positive impacts in terms of reducing the Council's carbon emissions.

Annex 1

Impact Assessment Process

The Equality Act 2010 aims to further discrimination protection and proactive action to more equality groups. Under the legislation equality groups are now referred to as Protected Characteristics, they are:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

Whilst assessing the Protected Characteristics for Somerset it was established that there were additional characteristics that for Somerset had a real impact on the ability of people to access services and take part in the wider community. These additional local characteristics are rurality, low income, carers and military status.

A public authority must, in the exercise of its functions, have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Example: Using one of the protected characteristics as an illustration, it means considering: whether disabled people will be unlawfully discriminated against (i.e. will they be denied access to a service to which they are entitled?); the extent to which disabled people's needs are met and the extent to which inequalities can be reduced and participation encouraged; whether the approach will increase or decrease disability related prejudice and harassment, including consideration of whether it would give rise to community tensions.

Baroness Thornton in March 2010 stated "I shall try to explain what "due regard" means and how the courts interpret it. The courts have made it clear that having due regard is **more than having a cursory glance** at a document before arriving at a preconceived conclusion. Due regard requires public authorities, in formulating a policy, to give equality considerations the weight which is **proportionate in the circumstances**, given the potential impact of the policy on equality. It is not a question of box-ticking; it requires the equality impact to be **considered rigorously and with an open mind.**"

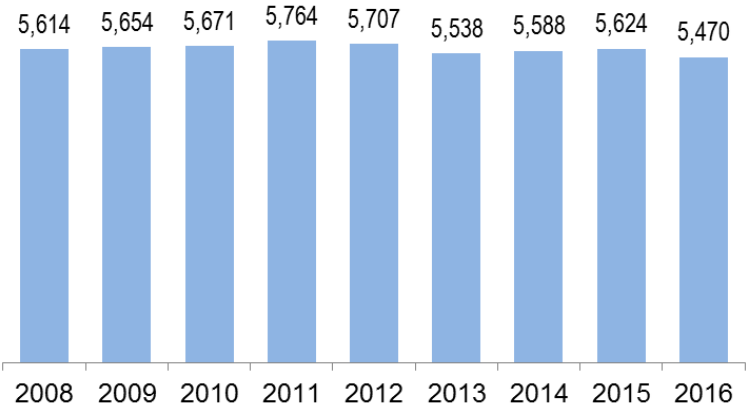
The Equality Act 2010 and other relevant legislation does not prevent the Council from taking difficult decisions which result in service reductions or closures for example, it does however require the Council to ensure that such decisions are:

- Informed and properly considered with a rigorous, conscious approach and an open mind.
- Taken following due regard having been given to the effects on the protected characteristics with the need to ensure nothing results in unlawful discrimination in terms of access to, or standards of, services or employment as well as considering any opportunities to advance equality and foster good relations.
- Proportionate (that negative impacts, including those that cannot be mitigated, are proportionate to the aims of the policy decision).
- Fair
- Necessary
- Reasonable, and
- Only taken following appropriate consultation with those affected.

Annex 2 – key supporting information for Somerset Equalities Impact Assessment

MTFP 2018/19 – Annex 2																																																														
Protected Characteristics identified through the Equality Act 2010																																																														
Age	<p>The 2016 mid-year estimates were published in June 2017 and indicate that the population of Somerset has risen by 4,057 to 549,447. The total is broken down by age group and district in the table below.</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Mendip</th> <th>Sedge-moor</th> <th>South Somerset</th> <th>Taunton Deane</th> <th>West Somerset</th> <th>Somerset</th> </tr> </thead> <tbody> <tr> <td>Under 16</td> <td>20,212</td> <td>21,843</td> <td>29,002</td> <td>20,828</td> <td>4,670</td> <td>96,555</td> </tr> <tr> <td>16-34</td> <td>21,940</td> <td>24,386</td> <td>32,291</td> <td>24,119</td> <td>5,509</td> <td>108,245</td> </tr> <tr> <td>35-49</td> <td>20,994</td> <td>21,765</td> <td>29,276</td> <td>21,329</td> <td>4,653</td> <td>98,017</td> </tr> <tr> <td>50-64</td> <td>24,113</td> <td>25,760</td> <td>34,317</td> <td>23,255</td> <td>8,044</td> <td>115,489</td> </tr> <tr> <td>65-74</td> <td>14,066</td> <td>15,418</td> <td>22,397</td> <td>13,743</td> <td>6,166</td> <td>71,790</td> </tr> <tr> <td>75+</td> <td>11,220</td> <td>12,264</td> <td>18,362</td> <td>12,241</td> <td>5,264</td> <td>59,351</td> </tr> <tr> <td>Total</td> <td>112,545</td> <td>121,436</td> <td>165,645</td> <td>115,515</td> <td>34,306</td> <td>549,447</td> </tr> </tbody> </table> <p>Amongst the 65-74 age group, the annual rate of growth was an estimated 3.5%, five times the average rate. This partly reflects the attraction of Somerset as a retirement destination, and also the post-war baby-boom generation reaching retirement age. Whilst much smaller in population than the other districts, West Somerset's population is particularly aged, with a median age (half the population older, half the population younger) of 51, compared to 39 for England.</p>						Age	Mendip	Sedge-moor	South Somerset	Taunton Deane	West Somerset	Somerset	Under 16	20,212	21,843	29,002	20,828	4,670	96,555	16-34	21,940	24,386	32,291	24,119	5,509	108,245	35-49	20,994	21,765	29,276	21,329	4,653	98,017	50-64	24,113	25,760	34,317	23,255	8,044	115,489	65-74	14,066	15,418	22,397	13,743	6,166	71,790	75+	11,220	12,264	18,362	12,241	5,264	59,351	Total	112,545	121,436	165,645	115,515	34,306	549,447
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Disability	<p>'Disability' is affected by how people view any physical or mental restrictions and their choice of self-classification. For most purposes, the Census question that asks respondents to categorise themselves as having 'long-term conditions or disability that limit limits day-to-day activities a lot or a little' is used as a proxy. Using data from the current (2011) Census:</p> <ul style="list-style-type: none"> • Just under 100,000 people in Somerset (18.8% of the population) said they had a long-term condition or disability which limited their day-to-day activities a lot or a little. • Almost 41,000 of them were aged 16-64 (12.7% of that age group in Somerset). The proportion is on a par with both regional and national averages. • 13,317 working-age residents (3.5% of those aged 16-74) described themselves as economically inactive because of long-term sickness or disability. Proportions were much higher in parts of Highbridge, Taunton and central Glastonbury. • In terms of the characteristics of Somerset's disabled population: 25% live in social housing; 11% have no qualifications; 35% have mental health problems; and 41% don't have a partner. 																																																													

<p>Disability (Special Educational Needs and Disabilities – SEND)</p>	<p>Evidence for Special Education Needs and Disabilities in children is provided by schools identifying those needs and making the appropriate plans.</p> <ul style="list-style-type: none"> • In January 2016, Somerset had just over 12,000 children and young people with identified (SEND). • In total, 1,403 Somerset pupils had a Statement of SEND or an Education, Health and Care (EHC) Plan, representing 1.6% of all pupils (England 2.8%). • Male learners are almost twice as likely as females to have special educational needs. • Pupils with SEND are almost three times as likely as those without SEND to be eligible for free school meals. • In 2015/16, 1 in 5 young people aged 16-17 in Somerset with SEND did not remain in education or training, but this proportion is falling.
<p>Gender Reassignment</p>	<p>There are no official estimates of the numbers of transgender people at a national. However, in a Home Office funded study, the Gender Identity Research and Education Society estimated between 0.6% and 1% of the UK adult population experience some degree of gender variance. Such figures, insofar as they could be applied to Somerset, would suggest somewhere between 2,700 and 4,500 adults in the county in this category.</p> <p>Research by the Diversity Trust in Somerset has found that Trans (along with Lesbian, Gay and Bisexual) young people were more likely to suffer from anxiety, depression, self-harm, suicidal ideation and have higher levels of smoking, alcohol use and substance misuse, likely to be linked to stress from isolation, bullying and harassment. Homophobic, biphobic and transphobic bullying were common in schools across the area and could be aimed at anyone who did not conform to a gender or sexual identity norm (whether they are 'out' or not). Trans young people are more likely to experience adverse mental health and emotional wellbeing outcomes than their peers in the general population.</p>
<p>Marriage and Civil Partnership</p>	<p>According to data published in April 2017, the number of marriages taking place in Somerset increased by 4% in 2014 compared to the previous year in figures released by the Office for National Statistics. Part of the increase is attributed to same sex marriages (which were introduced in March 2014).</p> <p>A total of 3,194 marriages occurred in Somerset in 2014 of which 3,155 were marriages of opposite sex couples and 39 were marriages of same sex couples (17 male and 22 female couples).</p> <p>There were increases in numbers of both civil ceremonies and religious ceremonies in Somerset in 2014. Civil ceremonies continue to account for more than two-thirds of all ceremonies.</p> <p>According to the current 2011 Census:</p> <ul style="list-style-type: none"> • More than half of Somerset adults aged 16 or older are married or in a same-sex civil partnership, but the proportion of co-habiting families has risen from 8% to 10% in the past decade. • There were 215 households containing couples in a same-sex civil partnership, 85% of them without children in the household.

<p>Pregnancy and Maternity</p>	<p>There were 5,470 live births in Somerset in 2016 according to latest annual figures published by the Office for National Statistics (ONS). This represented the lowest annual total for at least nine years, following a recent peak in 2011.</p> <p>Trends in Live Births, Somerset, 2008 to 2016</p>  <table border="1" data-bbox="359 324 1109 728"> <thead> <tr> <th>Year</th> <th>Live Births</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>5,614</td> </tr> <tr> <td>2009</td> <td>5,654</td> </tr> <tr> <td>2010</td> <td>5,671</td> </tr> <tr> <td>2011</td> <td>5,764</td> </tr> <tr> <td>2012</td> <td>5,707</td> </tr> <tr> <td>2013</td> <td>5,538</td> </tr> <tr> <td>2014</td> <td>5,588</td> </tr> <tr> <td>2015</td> <td>5,624</td> </tr> <tr> <td>2016</td> <td>5,470</td> </tr> </tbody> </table> <p>Nationally and in the South West as a whole the birth rate is highest in the 30 to 34 age group, while, based on 2015 data, in Somerset the profile is younger, with the highest birth rate in the 25 to 29 age group. In 2015, contrary to the national average, most births (53%) in Somerset were outside marriage (or civil partnership).</p>	Year	Live Births	2008	5,614	2009	5,654	2010	5,671	2011	5,764	2012	5,707	2013	5,538	2014	5,588	2015	5,624	2016	5,470
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<p>Race</p>	<p>Comprehensive information on ethnicity and national identity is only available in the ten-yearly census. According to the current 2011 Census:</p> <ul data-bbox="383 1052 1516 1933" style="list-style-type: none"> • 94.6% of Somerset's population are 'White British'. This proportion is typical of that seen in Somerset's neighbouring local authorities but much higher than the England and Wales average (80.5%). • Somerset's non-'White British' residents tend to be concentrated in and around the county's principal towns. • The BME (Black and Ethnic Minority) population of Somerset was estimated at 10,717 in 2011, an increase of around 5,000 people since the 2001 Census. The BME population now comprises 2.0% of Somerset's overall population, which is well below the national average of 14.0%. • The remaining 2.4% of the Somerset population is made up of Census categories of White Other, Irish and Gypsy or Irish Traveller. • Somerset has seen a large increase in Polish-born residents since the accession of the A8 East European countries to the EU in 2004. Of the 8,171 East European-born residents recorded in the 2011 Census, around two-thirds were from Poland. • Polish is the most common 'non-UK' ethnicity in all Somerset's districts, and Polish-born residents now account for 1% of Somerset's overall population. There are significant pockets of residents in parts of Shepton Mallet, Yeovil, Minehead, Taunton and Bridgwater. • There are now notable groupings of Portuguese residents in areas of Chard and Shepton Mallet. • There are an estimated 733 Gypsy or Irish Traveller residents in Somerset, the second highest number of any local authority in the South West. Just over a third are resident in Mendip. 																				

Religion or Belief	<p>Comprehensive information on religion and belief is only available in the ten-yearly census. According to the current 2011 Census:</p> <ul style="list-style-type: none"> • In line with the national trend, the proportion of Somerset people saying they were Christian dropped sharply since 2001, from 76.7% to 64.0%. This is still one of the highest figures in the South West region. • Christian prevalence is relatively high in rural or suburban areas such as Exmoor, Bridgwater Wyndham ward and the south eastern corner of Somerset. • The proportion claiming no religious affiliation rose from 14.9% to 26.6%. Figures were particularly high in parts of Frome, Taunton and Bridgwater. • Although overall numbers were relatively small, there were substantial increases in the number of Buddhist, Muslim and Hindu people in Somerset in the last decade. • Based on 'write-in' responses, there are 1,147 followers of Paganism, more than the combined total of those of Hindu, Sikh and Jewish faith. • The four wards in Somerset with the highest proportions of people following non-Christian religions were all in Glastonbury. In St. Edmunds ward, the figure was 8.3% (four times the county average), most of whom were Mixed Religion or Pagan. • Yeovil Central was the ward with the highest number of both Muslim and Hindu followers in Somerset. 																														
Sex	<p>The population of Somerset broken down by sex is shown in the table below. These figure are taken from the 2011 census.</p> <table border="1" data-bbox="336 981 1501 1352"> <thead> <tr> <th></th> <th>Somerset Total</th> <th>Somerset %</th> <th>South West %</th> <th>England & Wales %</th> <th>2001 Somerset %</th> </tr> </thead> <tbody> <tr> <td>Population Resident population</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>529,972</td> <td>100.0%</td> <td>100.0%</td> <td>100.0%</td> <td>100.0%</td> </tr> <tr> <td>Total males</td> <td>258,396</td> <td>48.8%</td> <td>48.8%</td> <td>49.2%</td> <td>48.6%</td> </tr> <tr> <td>Total females</td> <td>271,576</td> <td>51.2%</td> <td>51.2%</td> <td>50.8%</td> <td>51.4%</td> </tr> </tbody> </table> <p>The higher proportion of females in the population figures is the result of women living longer than men, more than offsetting the slightly higher proportion of male births.</p>		Somerset Total	Somerset %	South West %	England & Wales %	2001 Somerset %	Population Resident population							529,972	100.0%	100.0%	100.0%	100.0%	Total males	258,396	48.8%	48.8%	49.2%	48.6%	Total females	271,576	51.2%	51.2%	50.8%	51.4%
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<p>Sexual orientation</p>	<p>In April 2017, the Office for National Statistics (ONS) published experimental estimates of sexual identity at a local authority (county) level for the first time, based on survey data covering 2013 to 2015.</p> <ul style="list-style-type: none"> • The estimates suggest that <ul style="list-style-type: none"> • 95.2% of Somerset’s adult (aged 16 or over) population identify themselves as heterosexual or straight; • 0.9% (4,000 residents) identify as gay or lesbian; • 1.1% (5,000 residents) identify as bisexual; and • 0.4% (2,000 residents) as ‘Other’ (‘other’ indicates that respondents did not consider themselves to fit into the heterosexual or straight, bisexual, gay or lesbian categories). • 2.4% of respondents didn’t know or refused to answer. • UK wide, the proportion of adults identifying as heterosexual or straight ranged from 72% in Camden to 99% in Monmouthshire. <p>In the 2014 GP Patient Survey conducted by NHS England:</p> <ul style="list-style-type: none"> • 1.6% of respondents (138 of 8,682 respondents) in Somerset in 2014 gave their sexual orientation as gay, lesbian or bisexual. <p>It is widely accepted that these overall figures are likely to be an underestimation of the size of the LGB population, due to respondents not being ready or able to openly identify themselves as LGB. Several historical reports and surveys, in the UK and overseas, have variously put the size of the LGB population at between 5% and 7%. For the purposes of assessing the impact of the Civil Partnership Act 2004, the Department for Trade and Industry made an assumption that 5% of the adult GB population was lesbian, gay, or bisexual. If applied to the Somerset population, this would equate to around 22,000 adults in Somerset</p>
<p>Carers through association with disability and age</p>	<p>Comprehensive information on carers is only available in the ten-yearly census. According to the current 2011 Census:</p> <ul style="list-style-type: none"> • One in nine people, or just over 58,000, said they provided unpaid care to a friend or relative • This is approximately 8,000 more than the number identified in the 2001 Census. • About 43,000 were under the age of 65, many more than the 3,640 people of working age claiming Carer’s Allowance (<i>DWP, November 2012</i>). Even this is considered to under-estimate the true number of those providing unpaid care. • Around 3,300 of the unpaid carers identified in the Census were younger than 25. More than a thousand are estimated to be children under the age of 16. • More than one in five people aged 55-64 provide unpaid care. • 58% of unpaid carers are women, in line with the national average. • Almost one in four 50-64 year-old women (13,500) are unpaid carers • About 12,300 people provide at least 50 hours of unpaid care a week. • Of these, more than 5,300 are aged 65 or older and an estimated 1,600 are 85 or older. • Around 3,500 of unpaid carers are themselves in bad or very bad health, and almost half of them (1,500) provide at least 50 hours of care a week.

Protected Characteristics adopted locally

Rurality

Comprehensive information for small areas – and so amenable for detailed breakdown into urban are rural - is only available in the ten-yearly census. According to the current 2011 Census:

- Around 48% of Somerset’s population is classified as ‘rural’ and 52% ‘urban’ according to the Defra/ONS classification of small areas.
- Rural Somerset has an older population demographic, particularly in respect of people aged 45 and over. Linked to this, a higher proportion of rural residents provide unpaid care to friends or relatives.
- Residents in rural areas are, on average, more highly qualified, and more likely to work in ‘high-tech’ industries (ICT; professional, scientific and technical activities)
- Car ownership is high, although around 1 in 9 rural households do not have access to a car (or van).
- Rural households are more likely to have no central heating. They are also much more unlikely to have access to mains gas, with a greater dependency on oil.

Low income

- The 2017 Annual Survey of Hours and Earnings found the average gross income for full time workers in Somerset to be £513/week, lower than the £556/week figure for England.
- More than one in eight households are estimated to be living in fuel poverty, and at least one in five in West Somerset.
- An estimated 57,000 adults in Somerset have been at least 3 months behind with bills or say that debts are a heavy burden. One in four problems handled by Citizens Advice in Somerset are related to debt.
- The proportion of Somerset households living in poverty (after housing costs) ranges from 10.6% in the Comeytrowe/Trull area of Taunton, to 32.8% in the Hamp area of Bridgwater, according to estimates published by the Office for National Statistics in March 2017

The latest Children in Low-Income Families Measure statistics were published in September 2016 and represent a snapshot as at 31st August 2014 (the two-year time lag is due to the reconciling of tax credit figures).

Key facts for Somerset:

- In Somerset, 14,200 children (aged under 16) were considered to be living in poverty in 2014, equating to 15.3% of all children.
- This proportion was the highest since 2009, at the time of the economic recession.

	2007	2008	2009	2010	2011	2012	2013	2014
England	22.4	21.6	21.9	21.1	20.6	19.2	18.6	20.1
South West	16.9	16.5	17.2	16.6	16.2	15.1	14.8	16.1
Somerset	15.5	14.8	15.6	14.9	14.9	14.1	14.1	15.3

Source: *Children in Low-Income Families Local Measure, HMRC*

Military status	There is no single, definitive source of information on the numbers in the armed services community. Using estimates based on data from the Royal British Legion, we have an overall estimate of almost 50,000 veterans and dependants in addition to about 3,000 current serving personnel. However, if we apply the veterans prevalence estimates by each age group, the relatively elderly population of Somerset means that the estimated total is somewhat higher at about 53,500, although the 'sample error' means that the true figure could be much higher, or indeed lower.
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All data from Somerset Intelligence/Joint Strategic Needs Assessment (www.somersetintelligence.org.uk) .

Appendix F - Somerset County Council Efficiency Plan 2018/19

Introduction:

This Efficiency Plan is an annual document that was triggered initially in 2017/18 in response to the offer from the Secretary of State on 10 March 2016 to engage with Government around arrangements which would secure a multi-year settlement. Somerset signed up to a four-year settlement to strengthen its financial management, whilst working collaboratively with local partners and reforming the way services are delivered. This links well with the additional benefit that will come from the flexibility to use capital receipts generated in the three year period starting in April 2016 for transformation purposes. The provisional settlement issued by DCLG on 19 December 2017 extended this flexibility for a further 3 years.

A four year settlement is seen as essential to the medium term financial stability of the Council as a guaranteed level of funding will assist in planning future budgets and what services will be delivered. However the four year offer only relates to a small element of the Councils funding; namely Revenue Support Grant, which is being gradually withdrawn and Transitional Grant and Rural Services Delivery Grant. As part of the provisional settlement it was announced that the Rural Services Delivery Grant would be maintained at the previous levels for 2018/19 and Somerset saw an additional £0.445m of grant in comparison to the previous values as a result of this change.

The grant values that will be protected for Somerset County Council (against the backdrop of a total SCC income of £312.276m in 2016/17) will be:

	2016.17	2017.18	2018.19	2019.20
	£	£	£	£
Revenue Support Grant	42,241,400	26,323,900	16,082,100	6,075,500
Transitional Grant	1,090,500	1,085,000	0	0
Rural Services Delivery Grant	2,387,800	1,928,000	1,928,000	1,928,000
Minimum Protected Funding	45,719,400	29,336,900	18,010,100	8,003,500

In addition to the above, tariff and top-ups will not be altered for reasons relating to relative needs of local authorities and may be subject in the final year to the implementation of 100% business rates retention.

	2016.17	2017.18	2018.19	2019.20
	£	£	£	£
Business Rates Top Up	47,995,900	48,715,800	51,077,700	51,405,300

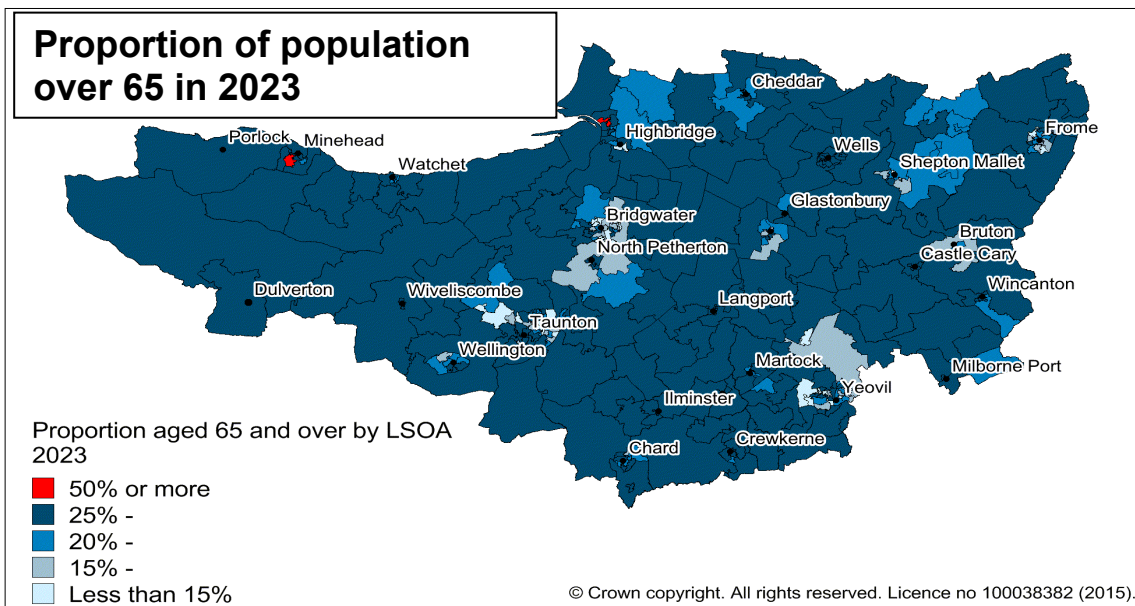
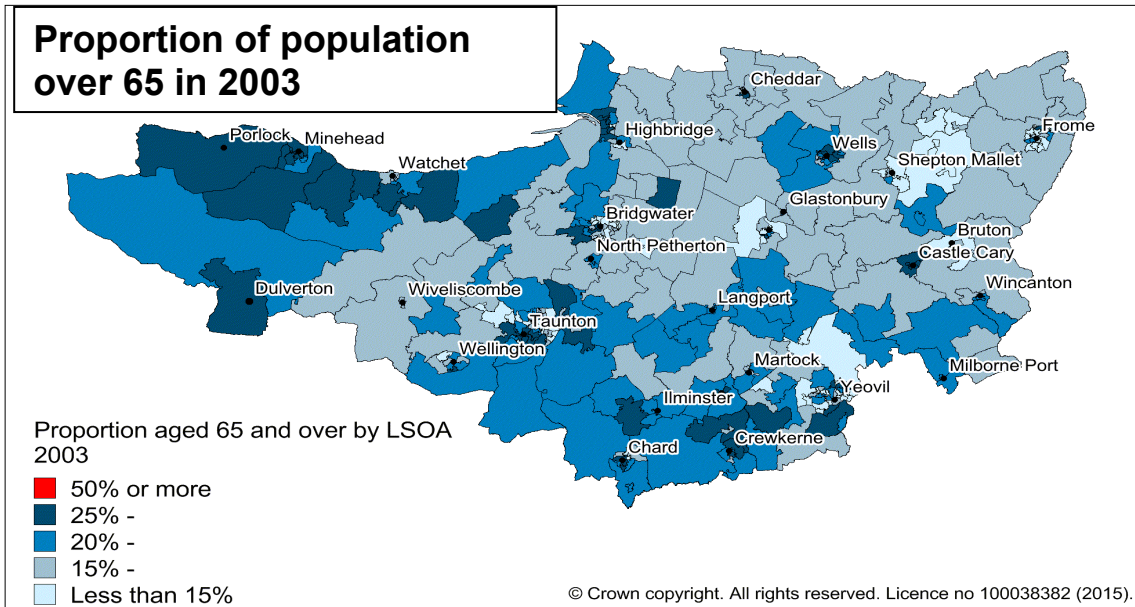
Context:

As highlighted above the reductions in funding from Central Government mean each year the Council faces a greater challenge to provide the statutory services and those discretionary services which the community value whilst ensuring budgets are robust.

Somerset already has a proven track record of delivering savings; and over the last six years has delivered over £100m of savings including

- Transformation of Library services
- Redesign of Health & Social Care delivery
- Renegotiation of contracts
- Restructure of Children’s Centre service (GetSet)
- CASA / Smart Office
- Rationalising the workforce

There continues to be sustained increases in demand for key services provided to the most vulnerable residents of Somerset and there is no sign that this increase will decline but continue to increase as can be seen from the diagrams below. Therefore a significant amount of the council’s budget is allocated to Social Care to meet an increasingly elderly and frail population.



The Councils Medium Term Financial Plan is a five year approach based on the particular financial circumstances facing Somerset and the need to respond to the continuing increase on service demands. At the end of this settlement the council will need to be self-financing i.e. providing services within the funding it can raise locally with no additional support from central government.

What remains unclear is the mechanism for the distribution of Business Rates following the 4 year settlement period across Local Government, and the impact of the Fairer Funding review and we continue to monitor and respond to consultations associated with any potential changes to the Business rates funding mechanism.

The publication of a four year allocation as part of the 2016/17 settlement has significantly helped the Council in updating its MTFP and arriving at the below position:

	2019.20	2020.21	2021.22
	£	£	£
Shortfall / (Surplus)	8,614,900	5,848,200	1,087,400
Cumulative	8,614,900	14,463,100	15,550,500

Assumptions:

The above forecast position is based on a number of assumptions, key ones being:

- Council Tax basic increase of 2.99% for the next 2 years dropping to 1.99% the following years (subject to political approval),
- Council Tax Taxbase increases in line with growth rates included in approved District local plans,
- Adult Social Care Council Tax precept increases of 3% for 2018/19 and 1% for 2019/20,
- Revenue Support Grant figures as published in the final local government settlement for 2016/17 to 2019/20,
- New Homes Bonus Grant allocations in line with those included in the governments consultation
- Services to absorb inflationary and demographic pressures wherever possible in 2018/19, with the exception of pay inflation which is funded within the 2018/19 budget process. Additional demography and general inflation is funded from 2019/20 onwards.
- Fees and Charges Income at Full Cost Recovery,

Reserves

The Council is required to maintain reserves that are adequate to meet the needs of the authority. The level of reserves is agreed annually within the Chief Finance Officers 'Robustness of the budget and adequacy of reserves' report. For 2017/18 this was set at the range of £12m to £20m. The level is deemed the minimum required in the event of any exceptional circumstances. By year end it is estimated that reserves may not be within this range and therefore it would not be prudent to continue to hold them at this level. Due to the increasing pressure on the revenue budget the assumption within the forward budget is for an additional contribution

annually into the General Reserve to bring the reserve balance back to within the range specified by the Chief Finance Officer.

Key Strategic Documents:

Somerset's Efficiency Plan for the four year period 2016/17 to 2019/20 (updated annually) is founded on its key strategic documents and addresses how efficiencies and savings will be delivered. The strategic documents are:

- County Plan which sets out the clear forward direction and priorities for the Council for the period 2016 – 2020;
- 20:20 Vision & Medium Term Financial Plan, which outlines the financial planning framework for the delivery of services;
- The Revenue Strategy outlines how the Council wants to structure and manage its finances over a five-year period to ensure it supports the County Plan priorities;
- The Capital Strategy provides a framework for the development and implementation of the Council's Capital Investment Programme
- Devolution Prospectus;

Future Plan:

The Councils external auditor made the following comment in their report on the 2016/17 accounts:

“The Council states that its medium term financial plan continues to be set against the backdrop of reducing resources to fund services and an increase in the levels of demand. It notes that the Council requires significant transformation of its services, in collaboration with partners, stakeholders and service users, in order to meet the difficult challenges ahead. Failure to achieve this transformation of services could impact on the future sustainability of the Council.”

Somerset County Council continues to strive to achieve greater value for money across its services and the achievement of efficiency savings is a key component of its financial strategy. Service Commissioners have been challenged with outlining their vision for sustainable services from 2020. From this a number cross cutting themes have been developed; which are outlined below:

Technology and People:

The main aim of this theme is to improve organisational productivity and process efficiency by using technology as a key enabler. This will ultimately result in improved interaction with partners and customers. Specific issues it sets out to address are

- Outdated technology offering and inadequate IT support
- Reliance on traditional ways of working that could be replaced with technology based solutions
- Duplication of effort and inefficient business processes
- Management and cultural reluctance to change ways of working and reform processes

Productivity and Culture:

This theme looks at whether SCC has the best policies, processes and environment for its managers and staff to be as productive as possible and considers whether these factors being applied in a consistent way. The main focus of the theme is on the reduction in the use of, and cost of, agency staff.

Commercial and Third Party spend:

This theme focuses on Third Party spend and Commercial initiatives to deliver savings in service budgets through procurement, strategic sourcing, supplier management, and contract management.

Stronger Communities:

The theme is based on the desire to build stronger, more resilient and empowered communities. It will not be a quick fix but it will enable us to better manage demand for the future. Stronger communities are seen as essential to reducing demand and becoming more prevention focused. The theme will look at the following:

- Involving others from the outset
- Changing our culture so that practitioners think communities and families first and individual services last
- Have a strategic approach with our partners to developing community capacity and resilience
- Recognise when others are better placed than us to lead

Partnership and Integration:

This theme is about exploring opportunities to reduce costs by partnering or integrating with other service providers to deliver services currently funded by SCC. A considerable amount of work is already done in this way e.g. Somerset Waste, Libraries West Consortium, and South West Audit Partnership (SWAP). The aim of the theme is to build on the successes so far and pursue new opportunities and deliver more savings to the Council and tax-payer. Potential areas of opportunity are:

- Integration with Health Services;
- Better use of publicly-owned buildings;
- Exploring savings opportunities with a number of local Councils.

Service Redesign:

Service redesign is about the way we work and looking to change to make us more efficient and more effective. We will use the commissioning approach to look not at just what a service costs, but what it is delivering and apply value judgements to that.

Transport:

The transport theme aims to review the way transport enables SCC to deliver its strategic priorities in Adults and Children's services (including Learning Disabilities) and how this transport should be provided. This review should clarify the correct level of investment in fleet and the future configuration of the Integrated Transport Unit as well as expediting delivery of any short term

savings opportunities. The scope of this theme is the provision of all passenger transport commissioned or delivered by SCC and includes:

- Early Intervention (EIS)
- Home to School
- Adult Social Care and Health Community & Public Bus services, including the entirety of the Concessionary fare scheme
- Further Education

As part of the delivery of this thematic approach savings are targeted to be delivered. The proposed minimum level of savings to be made from these themes is detailed in the table below and has been updated for additional savings to be delivered as part of the 2018/19 MTFP process:

Themes	2017.18	2018.19	2019.20	2020.21	Total
Technology & People	2,000,000	765,000	3,740,000	2,575,000	7,080,000
Productivity & Culture	700,000	2,428,700	21,600	21,600	2,471,900
Commercial & Third Party Spend	2,545,000	2,495,600	274,000	0	2,769,600
Stronger Communities	222,000	45,000	400,000	0	445,000
Partnership & Integration	300,000	730,000	300,000	300,000	1,330,000
Service Redesign	1,620,000	5,124,000	60,000	0	5,184,000
Transport	559,000	329,400	1,000,000	300,000	1,629,400
Total	7,946,000	11,917,700	5,795,600	3,196,600	20,909,900

Capital Receipts Flexibility:

In the local government settlement for 2016/17, the Government announced greater flexibility for Councils in the use of capital receipts from the sale of non-housing assets. These receipts were previously only allowed to be used for other capital projects; however the new flexibility allows Councils to use these receipts to fund the revenue costs of service reform and transformation. The provisional finance settlement issued on 19 December 2017 extended this flexibility for a further 3 years.

In 2016/17 Somerset used £2.4m of capital receipts to fund the delivery of transformational projects to release efficiency savings that will help reduce the shortfall in future years. In 2017/18 Somerset is planning to use £3.8m of capital receipts to continue supporting the delivery of transformational projects and including more specifically the transformation in the Learning Disabilities service. This flexibility will be further utilised in future years to continue the transformation of the authority and its services.

Conclusion:

Through the use of careful planning to minimise demand, generating additional income streams and the identification of further efficiencies the Council can ensure continued delivery of statutory services.

Somerset County Council

Cabinet

- 12th February 2018

Treasury Management Strategy Statement 2018-19

Cabinet Member: Mr David Hall – Cabinet Member, Resources

Division and Local Member: All

Lead Officer: Kevin Nacey – Director of Finance & Performance (Section 151 Officer)

Author: Alan Sanford – Principal Investment Officer

Contact Details: alsanford@somerset.gov.uk or (01823) 359585

Report Sign off	Seen by:	Name	Date
	County Solicitor	Honor Clarke	16/01
	Monitoring Officer	Julian Gale	16/01
	Corporate Finance	Kevin Nacey	16/01
	Human Resources	Chris Squire	16/01
	Senior Manager	Stephen Morton	09/01
	Cabinet Member	Councillor David Hall	16/01
Forward Plan Reference:	FP/17/11/01		
Summary:	<p>This report brings together the requirements of the Local Government Act 2003, including the revised guidance applicable since 1 April 2010, the CIPFA Treasury Management in the Public Services Code of Practice Revised 2011 Edition (CIPFA TM Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities: Revised 2011 Edition (CIPFA Prudential Code).</p> <p>The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.</p>		
Recommendations:	<p>The Leader and Cabinet are asked to endorse the following and recommend approval by Council on 28th February 2018:</p> <ul style="list-style-type: none"> • To adopt the Treasury Management Strategy (as shown in Section 2 of the report). • To approve the Annual Investment Strategy (as shown in Section 3 of the report) and proposed Lending Counterparty Criteria (attached at Appendix B to the report). <p>The Leader and Cabinet are recommended:</p> <ul style="list-style-type: none"> • To note the Prudential Treasury Indicators at point 4.8. • To note the current Treasury Management Practices (TMPs) attached at Appendix D to the report. 		

Reasons for recommendations	Full Council must approve a Treasury Management Strategy Statement (TMSS) including an Annual Investment Strategy (AIS) prior to the start of each financial year, and it usually does this at its February meeting.
Links to Priorities and Impact on Service Plans:	Effective Treasury Management provides support to the range of business and service level objectives that together help to deliver the Somerset County Plan.
Consultations undertaken:	None
Financial Implications:	As per links to priorities box
Legal Implications:	Treasury Management must operate within specified legal and regulatory parameters as set out in the summary, and in more detail in the TMPs.
HR Implications:	None
Risk Implications:	The TMSS including the AIS is the Council's document that sets out strategy and proposed activities to conduct Treasury activity while mitigating risks. Appendix D, the Treasury Management Practices document gives detailed explanation of the policies and procedures specifically used in treasury risk management.
Other Implications (including due regard implications):	None
Scrutiny comments / recommendation (if any):	The Audit Committee is the body responsible for ensuring effective scrutiny of the treasury management strategy and policies.

1. Background and Current Position

- 1.1. The CIPFA TM Code requires that each Local Authority prepare a report outlining the proposed Treasury Management policies, strategy, and activities for the coming financial year. CIPFA consulted on changes to the Treasury Management and Prudential Codes in 2017. The revised Codes were published in late December but the specific guidance notes which include the treasury management indicators for local authorities, have yet to be published. The Council's treasury advisor has recommended authorities draft and obtain Full Council approval for the 2018-19 treasury management strategy under the 2011 CIPFA Codes.
- 1.2. The Local Government Act 2003 (LGA 2003) requires that an Annual Investment Strategy Statement be submitted, outlining the proposed investment strategy. This can be combined with the Treasury Management Statement, but must state explicitly where it is dealing with the guidance by the Secretary of State. CLG Guidance is also expected to be revised and updated in the near future, but again, as per our Advisors' advice, this strategy will act in accordance with the current Guidance and wait for the revised Guidance before taking any action. If the CIPFA Code and Guidance, and CLG Guidance necessitate immediate changes to the Strategies, new ones will be presented to Full Council at the earliest opportunity.

- 1.3. Under Section 3 of the LGA 2003 (duty to determine affordable borrowing limit), a Local Authority must have regard to the CIPFA Prudential Code. This code requires the setting of a number of Prudential Indicators, benchmarks within which, Treasury and Investment Management, and Capital Financing are managed.
- 1.4. The setting of Prudential Indicators for Treasury Management requires Authorities to recognise key implications of their borrowing and investment strategies. These relate to the affordability of overall borrowing limits and the risk of exposure to interest rate changes; the maturity structure of borrowing; and longer-term investments.
- 1.5. In formulating the Treasury Management and Annual Investment Strategies, and the setting of Prudential Indicators, Somerset County Council (SCC) adopts the Treasury Management Framework and Policy recommended by CIPFA. These can be found in Appendix A.
- 1.6. The current TMPs are attached for information as Appendix D to this report, and set out the main categories of risk that may impact on the achievement of Treasury Management objectives. No treasury management activity is without risk. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its treasury management activities will be measured. The main risks to the Council's treasury activities are:-
 - Credit and Counterparty Risk (security of investments)
 - Liquidity Risk (inadequate cash resources)
 - Market or Interest Rate Risk (fluctuations in price / interest rate levels)
 - Refinancing Risk (impact of debt maturing in future years)
 - Legal & Regulatory Risk

The schedules to the TMPs provide details of how those risks are actively managed. They form a living document (last updated May 2016), and are subject to ongoing review and amendment.

- 1.7. SCC has a projected cash income of approximately £770m for 2018-19. As at 27th December 2017 the external long-term debt portfolio of SCC stood at just over £329m. The investment portfolio at the same time stood at just over £243m.
- 1.8. Investment interest is an important source of income for SCC. Nearly £2.1m was earned in 2016-17. Interest will be reduced for the year 2017-18 due to smaller balances and reduced rates, and 2018-19 is expected to be another year of low yields. With the uncertainty of Brexit negotiations, base rate is expected to remain low, and a cut in the future cannot be entirely ruled out. With inflation expected to remain above 2%, investment returns in real-terms are likely to be negative.

- 1.9.** These factors represent significant cash flow, and debt and investment portfolio management for the Council's Officers. The major external influence on the Council's treasury management strategy for 2018-19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy remains relatively robust since the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. In the current financial and economic environment, and taking into account potential influencing factors (an economic forecast is given at Appendix C), it is imperative that the Council has strategies and policies in place to manage flows and balances effectively. The strategies and policies herein state the objectives of Treasury Management for the year, and set out the framework to mitigate the risks to successfully achieve those objectives.

2. Treasury Management Strategy

2.1. Long-Term Borrowing

SCC currently has £329.55m of borrowing. This consists of £113m of LOBOs, £57.5m of Barclays Ex-LOBOs (see 2.5 below) and £159.05m of PWLB loans, at a combined rate of 4.66%.

- 2.2.** The Council's need to borrow for capital purposes is determined by the Capital Investment Programme. Specific projects have been identified for 2018-19 totalling £120m. Much of this will be funded using a combination of grant, capital receipts, and contributions. Although timings of capital expenditure may not be totally predictable, it is envisaged that borrowing of up to £40m may be necessary.
- 2.3.** The differential between investment earnings and debt costs remains negative and this is expected to continue during 2018-19 and beyond. The cost of carry associated with long term borrowing compared to temporary investment returns, as well as the added counterparty risk by having more funds to invest, means that a passive borrowing strategy, borrowing funds as they are required would be most appropriate. The benefits of this strategy will be monitored and weighed against the risk of shorter-term rates rising more quickly than expected.
- 2.4.** Shorter-dated gilt yields, and therefore shorter-dated PWLB rates, are forecast to be lower than medium and long-dated gilt yields during the financial year (An economic and interest rate forecast can be found at Appendix C). It is envisaged that any new borrowing, should it be taken, will be in these shorter periods, as this is also compatible with the current maturity profile. Yields for these maturities are expected to remain lowest as the continued recovery necessitates lower interest rates for longer. Variable rate loans currently mitigate the cost of carry. Shorter-dated Equal Instalment of Principal (EIP) loans are cheaper than loans paid on maturity and are repaid systematically in equal instalments over their life. Both will be actively considered, as will shorter dated loans from other Local Authorities.

- 2.5.** SCC has £113m of loans that are active LOBO loans, of which £88m will have an option during 2018-19. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan at which point the Borrower can accept the revised terms or reject them and repay the loan without penalty. LOBO loans present a potential refinancing risk to the Council since the decision to call a LOBO is entirely at the lender's discretion. In June 2016, Barclays Bank announced that they had waived all their rights to the options on the LOBO loans that they made. This included the £57.5m held by SCC. These loans are now effectively long-term fixed loans.

SCC will continue with the current policy not to accept any option to pay a higher rate of interest on its' LOBO loans, and will exercise its own option to repay the loan should a lender exercise an option. SCC may utilise cash resources for repayment or may consider replacing any loan(s) by borrowing from the PWLB or other Local Authorities. Depending on prevailing rates and the amount to be repaid, new loans might be taken over a number of maturities. If rates were comparatively high at the time, variable rate loans may be taken until rates became lower. The 'Maturity Structure of Borrowing' indicators have been set to allow for this contingency strategy.

- 2.6.** The introduction of a repayment rate by the PWLB significantly reduced the opportunities for borrowers to prematurely repay or reschedule PWLB loans without paying a premium. The premium payable (or discount gained) is derived from the yield of the Gilt (Government Bond) corresponding to the maturity of the PWLB loan. Gilt yields, ergo premia, are constantly moving, sometimes aggressively, in response to many economic and political factors. They may at times offer windows of opportunity to repay or reschedule debt at comparatively advantageous levels of premium. To highlight volatility, in December 2009 the entire portfolio had a £13.8m premium and 1 loan in discount. In November 2012 it was a premium of £49.7m and no loans in discount. As at 15th August 2016, due to the effects of the Brexit vote, overall premia stood at £129.6m. By 12th December 2017 this had reduced to £97m.

Officers continually monitor repayment rates and calculate premiums to identify opportunities to repay or reschedule PWLB loans. These are reported and discussed by SCC Officers at monthly Treasury Meetings.

- 2.7.** When making any premature repayment or rescheduling decisions, the overriding objective is that it would be carried out in line with the CIPFA TM Code, i.e. that performance measurement should consider risk as well as return (borrowing rate). Priority would be given to risk management, and then the pursuit of minimising rate. Premature repayment / rescheduling will consider: -
- Cost (premium) v benefit (revenue savings) analysis to assess which loan(s) to repay
 - Repayment / rescheduling of loans of a stated maturity to improve overall maturity profile and thereby reduce refinancing risk.
 - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.

- 2.8.** Any rescheduling activity will be undertaken within the Council's treasury management policy and strategy. The Council's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by Arlingclose or SCC Officers and discussed with Senior Management. Any decision to prematurely repay or reschedule will first be approved by the Section 151 Officer (Director of Finance & Performance).
- 2.9.** All rescheduling activity will comply with the requirements of the Capital Finance and Accounting Regulations (SI 2007 No 573 as amended by SI 2008/414).
- 2.10.** Short-Term Borrowing
SCC has not needed to obtain short-term funds from the money market to date during 2017-18. This has been due mainly to the use of Call Accounts and Money Market Funds (MMFs), which offer better security and liquidity (instant access in most cases), with the added benefit of better rates than for many short-term deposits of up to 3-months. It is intended to continuously and incrementally improve cash flow performance, to minimise bank and temporary loan interest.
- 2.11.** The use of Call Accounts and MMFs will continue where advantageous to rates and/or cash flow; However, many counterparties have reduced their call facility rates further during 2017-18 and with possible changes towards more short-term deposits, it may be appropriate and necessary to borrow short-term to cover cash flow fluctuations. Where this is deemed advantageous, short-term funds will be obtained from the money market using the services of a panel of money market brokers.

3. Annual Investment Strategy

- 3.1.** Introduction
The Office of the Deputy Prime Minister, (now Communities and Local Government) issued guidance on Local Government Investments under section 15(1) of the LGA 2003 (Revised 2011). The overriding aim of the guidance is to encourage authorities to invest prudently, without burdening them with detailed prescriptive regulation. The guidance defines a prudent investment policy as having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). It goes on... "Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest yield consistent with those priorities".
- 3.2.** The guidance makes it clear that this need not be a once-a-year event, but that the initial strategy may be replaced by a revised strategy, at any time during the year, on one or more occasions, subject to Full Council approval. Officers will from time to time appraise the Investment Strategy, including counterparty criteria, to ensure that it continues to be fit for purpose, and if necessary, to realign it with evolving market conditions and expectations for future interest rates.

- 3.3.** Under the guidance there are two types of investment, 'Specified' and 'Non-Specified'. Specified investments are those that offer high security and high liquidity, are made in Sterling, and with a maturity of no more than one year. Investments with the UK Government, other Local Authorities, or bodies with 'high credit quality' will count as specified investments (unless greater than 1-year). Non-Specified investments are all other investments that fall outside of this description, and must be dealt with in more detail than those classified as Specified.
- 3.4.** A requirement of the revised guidance was that the strategy should report on procedures for ensuring that treasury management staff has the right kind of training in investment management. Current SCC treasury management practitioners hold investment, as well as accounting qualifications. In addition to the normal SCC Performance Review and Development process, training needs are both identified and addressed whilst undertaking Continuous Professional Development by these on-going means:-
- Attendance at CIPFA Treasury Management Network meetings, and at the Annual CIPFA Treasury Management Conference.
 - Regular seminars and updates via our treasury advisors, Arlingclose Ltd.
 - Semi-Annual seminars organised by treasury management software provider specifically for Local Authority users.
 - Ad hoc seminars arranged by market participants, including banks and credit rating agencies.
 - Daily contact with brokers and investment houses, and a plethora of market information from the press, and many other sources.
- 3.5.** Investment Strategy
The County Council's investments can be divided into two areas. Money that is lent to help smooth anticipated monthly cash flow movements, and funds which have been identified as not being immediately required (core balances), which are generally invested as part of the 'Comfund'. Total balances for 2017-18 to the end of November have ranged between £219m to £287m, averaging £258m to the 30th November 2017.
- 3.6.** The Council uses cash flow software to help identify surplus cash, and to determine periods for which funds may prudently be committed. The Council's cash flow investments are then made with reference to the outlook for the UK Bank Rate and money market rates. Short-term deposits will continue to be made with suitable counterparties, where this is deemed beneficial. However, it is likely under current market conditions that Call Accounts and MMFs will predominantly be used.
- 3.7.** The strategy for investment of funds identified as not immediately needed has historically been to utilise the Comfund. Comfund is a diversified portfolio of rolling cash deposits, and other approved investment instruments, with maturities on a monthly basis to provide adequate liquidity. The majority of this fund, which at 31st December 2017 stood at £200m, constitutes SCC reserves and core balances.

Given the increasing risk and falling returns from short-term unsecured bank investments, it was deemed appropriate to diversify into the higher yielding CCLA Property Fund during 2017-18. A £10m investment was made, and this will continue to be held for at least the medium-term.

3.8 The Section 151 Officer (Director of Finance & Performance) under delegated powers will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. He in turn delegates responsibility for implementing policy to Treasury Management Officers. Details of deposits and investments taken by Officers are reported to the monthly treasury management review meeting.

3.9 Under current market conditions SCC will continue to use the following investments: -

- Business Reserve Accounts and term deposits.
- Deposits with other Local Authorities.
- AAA-rated Money Market Funds *
- The Debt Management Office (DMO)
- Variable Net Asset Value (VNAV) Money Market Funds.
- Gilts and Treasury Bills.
- Certificates of Deposit with Banks and Building Societies
- Commercial Paper

* Following EU reform to the operation and management of Money Market Funds which will be implemented during 2018-19, all non-government MMFs will have to convert from Constant Net Asset Value (CNAV) to LVNAV (Low Volatility Net Asset Value) or VNAV. Many are expected to choose to convert to LVNAV. LVNAV funds will have to operate within tighter requirements (e.g. tolerance of the fund's NAV deviating from £1 narrows from 99.5p to 99.8p; higher liquidity requirements). For the Council, the important aspect is that the net asset value of LVNAV funds is likely to remain at £1, as is currently the case for CNAV funds, and only change in exceptional market conditions.

3.10 Due to the implementation of the UK Banking Reform Act 2014 and the broadly similar European Union Bank Recovery and Resolution Directive, and the perceived lack of government support for, and potential bail-in risk at banks and building societies, it would seem prudent to continue to allow for greater diversification of investment instruments and counterparties. The list of further potential investment activities below was included last year, and they will continue to be monitored and assessed as alternatives to mitigate bail-in risk and falling, potentially negative returns.

- Use of any public or private sector organisation that meets the creditworthiness criteria rather than just banks and building societies.
- Building Societies – Including unrated Societies with better creditworthiness than their credit rated peers.
- Corporate Bonds – Can offer access to high credit rated counterparties, such as utility, supermarket, and infrastructure companies.
- Covered Bonds and Reverse Repurchase Agreements (Repos) present an opportunity to invest short-term with banks on a secured basis and hence be exempt from bail-in
- Pooled Funds. These funds allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. Their values change with market prices, so will be considered for longer investment periods. It would be the Council's intention to be invested in Longer-dated Bond Funds or Equity Funds for at least 3 years, and for Property Funds for 5 years plus.

3.11 As is current procedure, the use of a new instrument or counterparty would be proposed in conjunction with the Council's Treasury Advisors, Arlingclose and specifically authorised by the Section 151 Officer (Director of Finance & Performance).

3.12 'Non-Specified' investments proposed for 2018-19, will be: -

- Deposits, Certificates of Deposit, Gilts, and other marketable instruments over 364 days and up to 5 years. Total investments over 364 days will not exceed £100m as per Prudential Indicators.
- Use of the Council's current bankers, Nat West for short-term liquidity requirements and business continuity arrangements, even though their rating may be below the minimum credit rating.
- VNAV/Pooled Funds held for longer than 364 days. The merits of individual VNAV and other pooled funds will be discussed with Fund Managers and Treasury Advisors to ensure their philosophy and risk parameters are aligned with those of SCC. These funds have no defined maturity date, but are available for withdrawal after a notice period. The fact that their market value changes (and may at times go below the original investment) means that they need to be viewed as a longer-term investment. VNAV Funds will be considered on an individual basis, taking into account the risk/reward characteristics including volatility, expected income return and potential for capital growth. Any VNAV Fund is to be approved by the Director of Finance & Performance prior to use, and the Section 151 Officer will determine the level of prudent investment, with reference to the level of core balances and reserves, and the potential volatility of any proposed investment. No more than £30m of total deposits outstanding are to be held in VNAV Funds (excluding LVNAV MMFs).
- Unrated Building Societies. Many unrated Building Societies are of equal or better creditworthiness than their credit rated peers. Consideration will be given to Societies recommended by our Advisors after analysis of suitable creditworthiness indicators (Funding and Capital ratios, % of non-performing loans).

3.13 The possible benefits of investing in long-dated Gilts, short-dated Treasury Bills, Supranational Bonds, Commercial Paper, and Corporate Bonds will continue to be assessed and used if appropriate, subject to the limits above and in the counterparty criteria at Appendix B.

As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities will be treated as retail clients by investment counterparties, but can "opt up" to professional client status, providing that they meet certain criteria which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies must assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved. The Council has met the conditions to opt up to professional status with a range of counterparties. By so doing, the Council will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

3.14 Counterparties for Lending

As has always been the case, and in full compliance with Government guidance, a restricted list of counterparties is maintained. SCC only places deposits with banks that are authorised by the Prudential Regulation Authority (PRA) to accept deposits, or is a passported EEA institution, which is entitled to accept deposits in the UK, or is a UK Building Society. For other marketable instruments (other than VNAV pooled funds, many of which are not credit rated), only organisations or issues that meet the credit rating criteria will be considered. SCC has constructed and will maintain a counterparty list based on the criteria set out in Appendix B. The minimum credit quality is proposed to be set at A- or equivalent. The credit standing of institutions (and issues if used) will be monitored and updated on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength as outlined below.

3.15 SCC will continuously monitor counterparties. All three credit rating agencies' websites will be visited frequently, and all ratings of proposed counterparties will be subject to verification on the day of investment. All ratings of currently used counterparties will be reported to the monthly treasury management meeting, where proposals for any new counterparties will be discussed. New counterparties must be approved by the Section 151 Officer (Director of Finance & Performance) before they are used. Any changes to ratings that put the counterparty below the minimum acceptable credit quality whilst we hold a deposit or we hold a marketable instrument will be brought to the attention of the Section 151 Officer (Director of Finance & Performance) immediately, and an appropriate response decided on a case-by-case basis. Sovereign credit ratings will be monitored and acted on as for financial institution ratings.

3.16 Besides the UK, the sovereign states whose banks and other organisations are to be considered are Australia, Canada, Denmark, Finland, France, Germany, Netherlands, Singapore, Sweden, Switzerland and the USA.

Maximum investment levels with counterparties, by country, and by type of investment are included in the criteria to ensure prudent diversification is achieved.

3.17 SCC will continue to use a range of indicators to assess counterparties, not just credit ratings. Other indicators to be taken into account will be:

- Credit Default Swaps and Government Bond Spreads.
- GDP and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions, i.e. bail-in.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
- Underlying securities or collateral for 'covered instruments'.
- Other macroeconomic factors

Such indicators of creditworthiness are considered in relative rather than absolute terms, and this is how short-term ratings are also considered.

It remains the Council's policy to suspend or remove institutions that still meet criteria, but where any of the factors above give rise to concern.

Also, when it is deemed prudent, the duration of deposits placed is shortened or lengthened, depending on counterparty specific metrics, or general investment factors.

3.18 A requirement of revised guidance is that the strategy should report on the use of treasury advisors, and how the quality of that service is controlled. Arlingclose Ltd, are treasury advisors to SCC, and from an investments viewpoint provide ongoing independent analysis and advice on market and investment conditions, and the suitability of counterparties. They inform of any changes to counterparty creditworthiness, and update advice accordingly.

3.19 SCC recognises, as per CIPFA guidance, that, "the overall responsibility for treasury management must always remain with the Council". SCC has always performed its own analysis of market and investment conditions, and the suitability of counterparties. It continues to do so through embedded practices, thereby maintaining the skills of the in-house team to ensure that the services provided by the advisors can be challenged, and that undue reliance is not placed on them.

3.20 The revised CIPFA TM code requires that the Council must explicitly state whether it plans to use derivative instruments to manage risks.

Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require Full Council approval.

4. Prudential Indicators

- 4.1. The first Prudential Indicator in respect of treasury management is that the Council has adopted the CIPFA TM Code. It has done so, documented in the Financial Regulations, Part 2, C15, May 2015 Edition. The Council adopts the content and the spirit of the Revised Edition 2011.
- 4.2. The Council is required to set an **authorised limit** for total external debt, gross of investments, separately identifying borrowing from other long-term liabilities. The Council is also required to set an operational limit separately identifying borrowing from other long-term liabilities. This prudential indicator is referred to as the **operational boundary**, and is based on the Council's estimate of the most likely, i.e. prudent, but not worst-case scenario. They are both set for the forthcoming, and the following two years.
- 4.3. Both the authorised limit and the operational boundary are consistent with the Council's plans for capital expenditure and financing; and with the treasury management strategy statement.
- 4.4. All current long-term borrowing is at fixed rates, but 'borrowing' cash from Exmoor National Park Authority and other smaller external Comfund investors is counted as variable, as the rate paid depends on other rates. In reality this is not a risk, as the cash is lent on at rates no worse than the rate paid to these bodies. However, the **limits on fixed / variable rate exposure indicators** have been set to take account of the movements in these balances. The possibility of rescheduling some borrowing into variable rates has also been factored in to give suitable flexibility should LOBO loan options be exercised. For the purpose of calculations, all investments with a maturity of less than 1 year are treated as variable rate whether they are fixed deposits or linked to a benchmark rate.
- 4.5. The Council has set for the forthcoming year, both the upper and lower limits with respect to the maturity structure of its borrowing. These indicators are referred to as the **upper** and **lower limits** respectively **for the maturity structure of its fixed rate borrowing**. The calculation is the amount of projected borrowing that is fixed rate maturing in each period, expressed as a percentage of the total projected borrowing that is fixed rate. The periods to be used going forward therefore, are: -
- Under 12 months
 - >12 months and within 24 months
 - >24 months and within 5 years
 - >5 years and within 10 years
 - >10 years and within 20 years
 - >20 years and within 30 years
 - >30 years and within 40 years
 - >40 years and within 50 years
 - >50 years
- 4.6. The 2011 Revised CIPFA Code guidance for the 'maturity structure' indicator has been revised to specifically state that the maturity of LOBO loans should be treated as if their next option date is the maturity date. The 'maturity structure of borrowing' indicators have been set with regard to this change, and having given due consideration to proposed new borrowing, current interest rate expectations, and the possibility of rescheduling or prematurely repaying loans outlined in the borrowing strategy.

4.7. The next treasury management prudential indicator is referred to as the **total principal sum invested for a period longer than 364 days**. The purpose of this indicator is to help the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested. In the current climate it is also an indicator of investments at risk due to changes in counterparty's changing circumstances. Whilst the proposed investment strategy would point to a minimal prudential indicator for investments over 364 days, practice is that once an investment is over 364 days (and therefore 'Non-Specified'), it remains that until maturity. This means that if investment conditions were to improve during the year, SCC might well invest the majority of the Comfund on a rolling one-year basis. Furthermore, should the Council wish to diversify into pooled funds, it would be the Council's intention to be invested in these for periods of 3-5 years plus. Therefore, a prudential indicator of £100m is deemed necessary.

4.8. In order that preceding Treasury and Investment Management Strategies are carried out, the following Prudential Indicators have been proposed to Council in another paper:

	2018/19 £m	2019/20 £m	2020/21 £m
Authorised limit			
Borrowing	437	437	437
Other Long-Term Liabilities	54	53	52
Total	491	490	489
Operational boundary			
Borrowing	403	403	403
Other Long-Term Liabilities	54	53	52
Total	457	456	455
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	30%	30%	30%
Maturity structure of borrowing			
	Upper Limit	Lower Limit	
Under 12 months	45%	15%	
>12 months and within 24 months	20%	0%	
>24 months and within 5 years	20%	0%	
>5 years and within 10 years	20%	5%	
>10 years and within 20 years	20%	5%	
>20 years and within 30 years	20%	0%	
>30 years and within 40 years	45%	15%	
>40 years and within 50 years	15%	0%	
>50 years	5%	0%	
Prudential Limit for principal sums invested for periods longer than 364 days	2018/19 £m 100	2019/20 £m 50	2020/21 £m 50

- 4.9. CIPFA introduced a new indicator in 2013-14, '*Gross debt and the Capital Financing Requirement*'. The objective of the indicator is to ensure that borrowing only takes place for capital purposes over the medium to long-term. Where the gross debt is greater than the CFR, the reasons should be clearly stated in the Treasury Management Strategy. SCC had an excess of £33.1m at the start of the 2017-18 financial year. This built up over the previous few years as capital expenditure had been funded via Government grants and capital receipts and the level of debt maturing has been less than the level of Minimum Revenue Provision (MRP).

This position is likely to be reversed during the current year due to two factors. There has been a change to the methodology of calculating the MRP resulting in the level of annual MRP being reduced, and an increase in the level of capital bids being supported requiring an additional £40m of debt to support the 2018-19 programme.

- 4.10. The 2011 Revision suggested that Authorities may wish to create an indicator that considers **Credit Risk**. At this stage there has been no guidance on how this is to be measured or reported.

The Council considers security, liquidity and yield, in that order, when making investment decisions. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk. The only indicators with prescriptive values are credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms. Counterparty Creditworthiness criteria and other indicators are stated in Appendix B.

5. Reporting Arrangements

- 5.1. Monthly meetings between officers will continue to take place to report performance, discuss current issues, and agree future activities and specific actions as necessary.
- 5.2. The Director of Finance & Performance will report to the Council on its treasury activities in the form of an Annual Treasury Management Report, and on an interim basis as required. As required by the revised CIPFA TM Code, a mid-year review of Treasury Management activity and performance will also be prepared for Full Council.
- 5.3. Appropriate analysis of the outstanding debt position as required by the Prudential Code will be included in the Annual Statement of Accounts.
- 5.4. **Icelandic Investments Update**

Landsbanki & Glitnir – As reported in the Treasury Management Outturn Report 2015-16, SCC has concluded any interest that it had with these two banks.

Kaupthing, Singer & Friedlander – The estimated range for total dividends was increased at the lower end, and is now at 86p-86.5p in the pound. Future dividends will be paid subject to consultation with the Creditors' Committee, and when the level of distributable funds makes it cost effective to do so.

In total, as at 31st December 2017 £23,215,519.30 had been recovered. The shortfall of £1.78m from the original £25m of investments was written off back in 2008-09.

6. Member Training

- 6.1.** CIPFA's revised TM Code states that – "All public service organisations should be aware of the growing complexity of treasury management in general, and its application to the public services in particular. Modern treasury management demands appropriate skills.....".

It goes on, "Public service organisations have a responsibility to ensure that those charged with governance have access to the skills and knowledge they require to carry out this role effectively. The organisation should ensure that this also applies to treasury management".

It further states, "Those charged with governance also have a personal responsibility to ensure that they have the appropriate skills and training for their role".

- 6.2.** All SCC Members receive introductory training, which includes an overview of the treasury management function.

SCC Officers would be able and willing to provide a more detailed level of training, if Councillors thought that there would be no conflict of interest.

Through contacts with the CIPFA Treasury Management Forum and its independent Treasury Advisors, SCC could also facilitate training via an independent third party. SCC Officers also have contacts within a number of money market brokers and fund managers who could provide training.

As and when needed, information sheets could be prepared and made available to help keep members abreast of current developments.

7. Consultations undertaken

- 7.1.** None.

8. Implications

- 8.1.** The financial implications have been taken into account when producing the Council Budget for 2018-2019, the Medium Term Financial Plan, and the 5-year Capital Strategy.
- 8.2.** The Treasury Management and Annual Investment Strategy Statements must be approved prior to the financial year to which they relate.

9. Background papers

- 9.1.** Local Government Act 2003 – Guidance under section 15(1)(a). The CLG Guidance has been revised and updated, with changes effective from 1 April 2010.
The CIPFA ‘Treasury Management in the Public Services’ Code of Practice Revised Edition 2011.
CIPFA Prudential Code for Capital Finance in Local Authorities: Revised Edition 2011.

Note: For sight of individual background papers please contact the report author.

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Treasury Management Policy Statement

Introduction and Background

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the code), as described in Section 5 of the Code
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management: -
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e. Full Council Members) 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, a mid-year review, and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Director of Finance & Performance as Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Policies and Objectives of Treasury Management Activities

- 2.1 The Council defines its treasury management activities as: -

“The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important, but are secondary considerations.

The following criteria will be used to manage counterparty risks to Somerset County Council Investments for new deposits / investments from the time that the new Treasury Management Strategy Statement, (which includes the Annual Investment Strategy) is passed by Full Council at its meeting in February 2018: -

Where deposits held were made under previous criteria, there will be no compulsion to terminate those deposits to meet new criteria, where a penalty would be incurred.

Deposits - Any Financial Institution that is authorised by the Prudential Regulation Authority to accept deposits, or is a passported EEA institution, which is entitled to accept deposits in the UK, or is a UK Building Society can be lent to, subject to the rating criteria below at the time of the deposit.

Unrated Building Societies

Unrated Building Societies as identified by Treasury Advisors can be used, with a maximum of £1m per Society and a maximum maturity of 1 year.

Marketable Instruments – Any bank, other organisation, or security whose credit ratings satisfy the criteria below: -

Rating of Counterparty or Security

Deposits or instruments of less than 13 months duration (Refer to long-term ratings)

Fitch A- or above

S&P A- or above

Moody's A3 or above

The maximum deposit / investment amount for any authorised counterparty or security that has as a minimum at least two ratings of the three above will be £20m (approximately 7.7% of average investments during 2017-18 (to November 30th).

The maximum deposit / investment amount for any authorised counterparty or security that has as a minimum - Fitch AA-, S&P AA-, and Moody's Aa3, will be £25m (approximately 9.7% of average investments 2017-18 (to November 30th).

Deposits or instruments of more than 13 months duration (Refer to long-term ratings)

Fitch AA- or above

S&P AA- or above

Moody's Aa3 or above

The maximum deposit / investment amount for more than 13 months for any authorised counterparty or security that has as a minimum at least two ratings of the three above will be £10m. This figure is to be included in the overall figure above.

The allowed deposit amounts above are the single maximum per counterparty at any one time, and that counterparty or security must be rated as above or better by at least two of the three agencies. Short-term ratings will be monitored and considered in relative rather than absolute terms.

It remains the Council's policy to suspend or remove institutions that still meet criteria, but where any of the other factors below give rise to concern. Also, when it is deemed prudent, the duration of deposits placed is shortened or lengthened, depending on counterparty specific metrics, or general investment factors. Where deposits held were made under previous criteria, there will be no compulsion to terminate those deposits to meet new criteria, where a penalty would be incurred.

Operational Bank Accounts

As the Council's current bankers, Nat West fall below the minimum criteria, the instant access Call Account facility may still be used for short-term liquidity requirements and business continuity arrangements. This will generally be for smaller balances where it is not viable to send to other counterparties or in the event of unexpected receipts after the daily investment process is complete. Money will be placed in the instant access Nat West call account overnight.

Public Sector Bodies

Any UK Local Authority or Public Body will have a limit of £15m and a maximum maturity of 5 years.

The UK Government, including Gilts, T-Bills, and the Debt Management Office (DMADF) will be unlimited in amount and duration.

The table below gives a definition and approximate comparison of various ratings by the three main agencies: -

Definitions of Rating Agency Ratings

	Fitch		Moody's		S&P	
Short-Term	F1+	Exceptionally strong	P-1	Superior	A-1+	Extremely strong
	F1	Highest quality			A-1	Strong
	F2	Good quality	P-2	Strong	A-2	Satisfactory
	F3	Fair quality	P-3	Acceptable	A-3	Adequate
	B	Speculative	NP	Questionable	B and below	Significant speculative characteristics
	C	High default risk				
	(+) or (-)		(1,2, or 3)		(+) or (-)	
Long-Term	AAA	Highest quality	Aaa	Exceptional	AAA	Extremely strong
	AA	V High quality	Aa	Excellent	AA	Very strong
	A	High quality	A	Good	A	Strong
	BBB	Good quality	Baa	Adequate	BBB	Adequate capacity
	BB	Speculative	Ba	Questionable	BB and below	Significant speculative characteristics
	B	Highly Speculative	B	Poor		
	CCC	High default risk	Caa	Extremely poor		

Financial Groups

For Financial Groups (where two or more separate counterparties are owned by the same eventual parent company) investments can be split between entities, but an overall limit equal to the highest rated constituent counterparty within the group will be used.

Country Limits

Excluding the UK, there will be a limit of (approximately) 10% of total investments in any one country. For 2018-19, this will be £30m, 10% of maximum balance for 2017-18 to December (£287m), rounded up to the nearest £5m, a typical investment principal sum.

Money Market Funds

Until such time as proposed regulatory changes come into effect, Constant Net Asset Value (CNAV) Money Market Funds (and LVNAV funds when changes are effected) must be rated by at least two of the main three ratings agency, and must have the following, (or equivalent LVNAV) ratings.

Fitch AAmmf

Moody's Aaa-mf

Standard & Poor's AAAM

Subject to the above, deposits can be made with the following limits: -

The lower of £15m or 0.5% of the total value for individual Funds.

No more than 50% of total deposits outstanding are to be held in CNAV (LVNAV) MMFs.

VNAV Pooled Funds

Currently, not all Variable Net Asset Value (VNAV) Funds carry a rating. Many VNAV bond funds are not rated. Equity, multi-asset and property funds are also not credit rated. The decision to invest in a particular asset class or fund will be based on the evaluation of the risk/reward characteristics including volatility, expected income return and potential for capital growth.

No more than £30m of total deposits outstanding are to be held in VNAV Funds (excluding LVNAV MMFs).

Other Indicators

As had previously been the case with SCC, and is now a requirement of the revised CLG guidance, the Authority will use a range of indicators, not just credit ratings. Among other indicators to be taken into account will be: -

- Credit Default Swaps and Government Bond Spreads.
- GDP, and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions, i.e. bail-in.
- Share Price.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
- Underlying securities or collateral for 'covered instruments'.
- Other macroeconomic factors

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Arlingclose Economic & Interest Rate Forecast

The table below highlights the forecast for key benchmark rates

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Official Bank Rate										
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.15
3-month LIBID rate										
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25
1-yr LIBID rate										
Upside risk	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.80	0.80
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
5-yr gilt yield										
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40
10-yr gilt yield										
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.30	1.30	1.35	1.40	1.45
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40
20-yr gilt yield										
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.90	1.90	1.95	1.95	2.00
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50
50-yr gilt yield										
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.70	1.70	1.70	1.70	1.70	1.75	1.80	1.85	1.90	1.95
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50

Underlying assumptions

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and consumer confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of UK GDP growth, has softened following a contraction in real wages, despite both savings rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit, and any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remain elevated and help to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short-term interest rates are subdued. On-going decisions remain data dependent and negotiations on exiting the EU cast a shadow over monetary policy decisions.
- Arlingclose central case for Bank Rate is 0.50% over the medium term. The risks to the forecast are broadly balanced on both sides.
- The Arlingclose central case is for gilt yields and therefore long-term interest rates to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

SOMERSET COUNTY COUNCIL

TREASURY MANAGEMENT PRACTICES

Version 5: May 2016

Approved by Section 151 Officer

..... **Date**.....

Approved by Deputy Section 151 Officer

..... **Date**.....

Introduction

The overriding legislation governing Treasury Management in Local Authorities is the Local Government Act 2003. Statutory Instrument 3146, the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, states that: -

“In carrying out its functions under Chapter 1 of Part 1, a local authority shall have regard to the code of practice contained in the document entitled “Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes” published by CIPFA, as amended or reissued from time to time”.

Furthermore, the Act states that: -

“In complying with their duties under section 3(1) and (2) (duty to determine affordable borrowing limit), a local authority and the Mayor of London shall have regard to the code of practice entitled the “Prudential Code for Capital Finance in Local Authorities” published by CIPFA, as amended or reissued from time to time”.

This code requires the setting of a number of Prudential Indicators, benchmarks within which, Treasury and Investment Management, and Capital Financing are managed. The first Prudential Indicator in respect of treasury management is that the Council has adopted the CIPFA TM Code.

The Office of the Deputy Prime Minister, (now Communities and Local Government) issued guidance on Local Government Investments under section 15(1) of the LGA 2003. Revised guidance is effective from 1st April 2010. The overriding aim of the guidance is to encourage authorities to invest prudently, without burdening them with detailed prescriptive regulation.

The guidance defines a prudent investment policy as having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). The generation of investment income is distinct from these prudential objectives and is accordingly not a matter for the guidance. However, that does not mean that authorities are recommended to ignore such potential revenues. Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest yield consistent with those priorities. This widely recognised investment policy is sometimes more informally and memorably expressed as follows: -

Security - Liquidity - Yield ...in that order!

This serves to demonstrate the link from legislation through to regulation and the importance of the CIPFA Codes. The Council adopts the content and the spirit of the Prudential and TM codes.

In formulating the annual Treasury Management and Annual Investment Strategies, and the setting of Prudential Indicators, SCC adopts the Treasury Management Framework and Policy recommended by the CIPFA TM Code. These are outlined overleaf: -

Treasury Management Policy Statement

Introduction and Background

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the code), as described in Section 5 of the Code
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management: -
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e. full Council Members) 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, a mid-year review, and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Director of Finance & Performance as Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Policies and Objectives of Treasury Management Activities

- 2.1 The Council defines its treasury management activities as: -

“The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important, but are secondary considerations.

CIPFA recommends that an organisations treasury management practices include those of the following that are relevant to its treasury management powers and the scope of its' treasury management activities:

TMP1 Risk Management

TMP2 Performance measurement

TMP3 Decision-making and analysis

TMP4 Approved instruments, methods and techniques

TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP6 Reporting requirements and management information arrangements

TMP7 Budgeting, accounting and audit arrangements

TMP8 Cash and cash flow management

TMP9 Money laundering

TMP10 Training and qualifications

TMP11 Use of external service providers

TMP12 Corporate governance

Each of the twelve Treasury Management Practices is set out on the following pages, and fuller notes are provided in Schedules A to M, where it is felt that more detailed information would be helpful, or to explain how each of the Practices is managed.

Whilst it is envisaged that the Treasury Management Practices will not change unless CIPFA's guidance were to be amended, the notes in the Schedules will be subject to regular review and amended where necessary in line with new regulation, guidance, market developments, or any other factors which may from time to time affect the operations of the treasury management function. Any suggested amendments will be brought to a monthly treasury management meeting, and will be ratified by the Director of Finance & Performance (Section 151 Officer)

Kevin Nacey

Director of Finance & Performance (Section 151 Officer)

For further information please contact:

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SCHEDULES TO THE TREASURY MANAGEMENT PRACTICES

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TMP1 RISK MANAGEMENT

General statement

The responsible officer, currently the Director of Finance & Performance (Section 151 Officer), will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*.

In respect of each of the following risks, the arrangements, which seek to ensure compliance with these objectives, are set out in the appendix to this document.

[1] Credit and counterparty risk management

SCC regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in *TMP4 Approved instruments methods and techniques* and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

[2] Liquidity risk management

SCC will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

SCC will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

[3] Interest rate risk management

SCC will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with *TMP6 Reporting requirements and management information arrangements*.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be

subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

[4] Exchange rate risk management

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] Refinancing risk management

SCC will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

[6] Legal and regulatory risk management

SCC will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 [1] *Credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

SCC recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

[7] Fraud, error and corruption, and contingency management

SCC will ensure that it has identified the circumstances, which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

[8] Market risk management

SCC will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2 Performance measurement

SCC is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TMP3 Decision-making and analysis

SCC will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP4 Approved instruments, methods and techniques

SCC will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 *Risk management*.

Where SCC intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. SCC will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements.

SCC considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when SCC intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with *TMP6 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfill all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management*.

TMP6 Reporting requirements and management information arrangements

SCC will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

SCC (i.e. Full Council) will receive: -

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the SCC treasury management policy statement and TMPs.

The Senior Management Team will receive regular (monthly) monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such as audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector specific guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.

TMP7 Budgeting, accounting and audit arrangements

The responsible officer will prepare, and SCC will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Performance measurement*, and TMP4 *Approved instruments, methods and techniques*. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 *Reporting requirements and management information arrangements*.

SCC will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of SCC will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 [2] *Liquidity risk management*.

The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP9 Money laundering

SCC is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this, are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

TMP10 Training and qualifications

SCC recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and

experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The present arrangements are detailed in the schedule to this document.

TMP11 Use of external service providers

SCC recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies.

Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

TMP12 Corporate governance

SCC is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

SCC has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

1.1 Credit and counterparty risk management

Credit and counter-party risk is the risk of failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially one due to deterioration in its creditworthiness, which causes the Council an unexpected burden on its capital or revenue resources.

As a holder of public funds, the Council recognises its responsibility to the prudent management of public funds, and follows relevant Government guidance. The Office of the Deputy Prime Minister, (now Communities and Local Government) issued guidance on Local Government Investments under section 15(1) of the LGA 2003. This has been revised and revisions are effective from 1st April 2010. The overriding aim of the guidance is to encourage authorities to invest prudently, without burdening them with detailed prescriptive regulation.

The guidance defines a prudent investment policy as having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). The generation of investment income is distinct from these prudential objectives and is accordingly not a matter for the guidance. However, that does not mean that authorities are recommended to ignore such potential revenues. Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest yield consistent with those priorities. This widely-recognised investment policy is sometimes more informally and memorably expressed as follows:

Security - Liquidity -Yield ...in that order!

Consequently, SCC will seek to optimise returns commensurate with the management of the associated risks.

1.1.1 Criteria to be used for creating and managing an approved counterparty list and limits

The Director of Finance & Performance (Section 151 Officer) will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct criteria comprising time, type, sector and specific counterparty limits. Members will approve criteria at least annually, as part of the AIS/TMSS.

Credit ratings remain a key source of information, but it is important to recognise that they do have limitations. Credit ratings are only used as a starting point when considering credit risk.

Officers will use credit rating criteria in order to assist selection of creditworthy counterparties for placing investments with. Credit ratings will be used as sourced from all of the following credit rating agencies: -

- Fitch Ratings
- Moody's
- Standard & Poor's

The Council will use ratings and information from all three ratings agencies where available (some institutions are only rated by one agency, some by two, some by all three), as part of its counterparty criteria.

SCC will remain vigilant to changes in ratings, with reference to information available on the website of the three rating agencies and other sources. All ratings for any proposed counterparty will be verified on the day, before any investment is made. The only exception to this will be when an additional deposit of less than £5m is made to an existing call, or money market fund account.

If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. Changes to ratings of current and most often used counterparties are also highlighted at the monthly TM meeting. Any changes to ratings that put the counterparty below the rating criteria whilst they hold a deposit will be brought to the attention of the Director of Finance & Performance (Section 151 Officer) immediately, with an appropriate response decided on a case-by-case basis.

If any counterparty is placed on Rating Watch Negative, further deposits will be suspended until the reasons have been established. Further action will depend on the current rating and possible re-rating. This will be closely monitored with an appropriate response decided on a case-by-case basis.

Sovereign credit ratings will be monitored and acted on as for financial institution ratings.

Current counterparty criteria can be found in the AIS within the Treasury Management Strategy Statement (TMSS) that is agreed by Full Council each year.

1.1.2 Approved methodology for changing limits and adding/removing counterparties

All ratings of currently approved counterparties are reported at the monthly TM meeting. Proposals for any new counterparties will be discussed and agreed at this meeting. Email confirmation, or a letter to the counterparty will be obtained from the Director of Finance & Performance (Section 151 Officer), and the decision recorded in the minutes of the meeting. Limits are approved annually as part of the AIS and any revision to these would require Full Council approval.

1.1.3 List of approved counterparties and date of formal approval

In order to ensure that the approved counterparty list is at all times up to date, a separate schedule will be kept (Schedule N). As soon as a change is authorised by the Director of Finance & Performance (Section 151 Officer), this will be updated.

1.1.4 Country, sector, and group listings and limits

These form part of the AIS that is approved by Full Council each year.

1.1.5 Use of credit rating agencies' services

SCC is a registered user of all three stated rating agency websites. It does not subscribe to the detailed research element, but has free access to all ratings, and notification of ratings changes.

1.1.6 Use of other sources of information for risk assessment

To supplement information from ratings agencies, relevant information from various publications is continuously garnered and assessed to help build a bigger picture, to help identify generic and specific counterparty risk.

As had previously been the case with SCC, and is now a requirement of the revised CLG guidance, SCC will use a range of indicators to assess counterparties, not just credit ratings. Among other indicators to be taken into account will be:-

- Credit Default Swaps and Government Bond Spreads.
- GDP, and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Government Guarantees and Support, including ability to support.
- Share Price of listed institutions.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.

Supplementary information is sourced daily by reference to the quality press, Internet sources, Bloomberg terminals, and emails from broking and investment houses. There is also regular ongoing contact with a panel of money market brokers, money market fund managers, and other investment industry specialists.

1.2 Liquidity risk management

Liquidity risk is the risk that cash will not be available when it is required. This can jeopardise the ability of SCC to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Director of Finance & Performance (Section 151 Officer) will therefore have sufficient standby facilities to ensure that there is always sufficient liquidity to deal with unexpected occurrences. He will also seek to ensure that SCC cash flow forecasting gives as accurate a picture as possible of the movement and timing of income and expenditure and the resulting residual daily cash balances.

1.2.1 Amounts of approved minimum cash balances and short-term investments

The Treasury Management section shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day. Borrowing, calling on Call A/c or Money Market Fund balances, or lending shall be arranged in order to achieve this aim.

1.2.2 The County Council has the following facilities available: -

- Standby facilities – SCC operates a number of call accounts, each with differing features in relation to minimum balances to be maintained, number of permitted withdrawals during certain periods, and rates paid. SCC will retain balances within these accounts only when it is more advantageous than placing them on short-term deposits.
- Bank overdraft arrangements - An overdraft at 1.75% over base rate has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the Council's accounts, and is agreed annually via a formal document signed by the Director of Finance & Performance (Section 151 Officer).
- Short-term borrowing facilities - The Council can access temporary loans through approved brokers on the London money market.
- Insurance/guarantee facilities - There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.

1.2.3 Policy on borrowing in advance of need

The overriding objective for all approved borrowing is that it will be carried out in line with the CIPFA TM Code, i.e. that performance measurement should consider risk as well as return (borrowing rate). Priority will be given to risk management, and then the pursuit of minimising rate. There are many circumstances that may force borrowing at rates higher than the lowest achievable rate, but may be directly attributable to good risk management or differing risk tolerances. These may include:-

- Taking loans of a stated maturity regardless of rate to ensure the desired maturity profile and thereby reduce refinancing risk.
- Taking Lender's Options Borrower's Option (LOBO) loans with greater regard to the structure rather than the cheapest rate where optionality exposes the Authority to refinancing, liquidity, and interest rate risk.
- Taking LOBO loans that dovetail with existing LOBO optionality.
- It may not be policy to borrow in advance of need even though it may be generally accepted that rates will go higher in the near future.
- It may be prudent to wait until capital expenditure has been incurred before loans are taken, even though rates may increase in the interim.

Actual borrowing undertaken and the timing will depend on timing of income and capital expenditure, interest rate forecasts, and market conditions during any given year. This may include borrowing in advance if after suitable risk analysis (including evaluating the cost of carry), market conditions and interest rates are deemed advantageous at that time. The short-term investment of these monies, until they are needed, will follow the same rigorous policies and criteria as the rest of the Council's investment balances.

1.3 Interest rate risk management

1.3.1 Interest Rate Monitoring

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in the income contained in the annual estimates. The Director of Finance & Performance (Section 151 Officer) will seek to minimise this risk by continuously monitoring interest rates, and particularly the economic indicators that influence their movement. As well as daily contact with a number of brokers, the opinions of expert analysts are sourced through various market publications.

The direction and timing of potential interest movements and their implications for SCC are discussed at the monthly TM meeting. A 'house view' is then taken, and recorded in the minutes.

1.3.2 Interest Rate Strategy

Appropriate strategy, limits and trigger points are set in light of interest rate expectations, and are incorporated into the Treasury Management and Annual Investment Strategy Statements (together with the Prudential Indicators, they form the body of the Treasury Management Strategy Statement or TMSS). Strategy, limits and trigger points will be monitored during the relevant year to identify whether modifications are required in light of actual movements in interest rates.

The annual Prudential Indicators via the TMSS will set out details of the following: -

- Approved interest rate exposure limits
- Upper limit for fixed interest rate exposure and
- Upper limit for variable interest rate exposure

1.3.3 Trigger points for borrowing/investments

Trigger points and other guidelines for taking advantage of changes to interest rate levels are discussed at the TM monthly meeting and decisions are recorded in the minutes.

Officers will review the Treasury Management Strategy Statement during the year to see whether any modifications are required in the light of actual movements in interest rates.

1.3.4 Policies concerning the use of instruments for interest rate management

- Forward dealing - Consideration will be given to dealing from forward periods dependant upon market conditions. When forward dealing is more than three months forward, the approval of the Director of Finance & Performance (Section 151 Officer) is required or in his absence, the Deputy Section 151 Officer (Strategic Manager-Finance Technical).
- Structured Investments - The Council may use Callable deposits, Snowballs, Escalators, Range Trades, or other such structured investments as it deems prudent, as part of its overall investment portfolio strategy. The limits for their use in any given year will be set out in the Annual Investment Strategy (AIS).

- LOBOs (borrowing under lender's option/borrower's option) - Use of LOBOs will be considered as part of the annual borrowing strategy. Specific approval of the Director of Finance & Performance (Section 151 Officer) is required (or in his absence, the Strategic Manager-Finance Technical).

An explanation of a LOBO loan, and the various structured investments mentioned can be found at schedule M.

1.3.5 Policy concerning the use of derivatives for interest rate risk management

Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require Full Council approval.

1.4 Exchange rate risk management

Exchange rate risk is the risk that unexpected changes in exchange rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council has a minimal exposure to exchange rate risk as it has no powers to enter into loans or investments in foreign currency for treasury management purposes. It will also seek to minimise what risk it does have by using the policies below.

1.4.1 Approved criteria for managing changes in exchange rate levels

As a result of the nature of the Council's business, the Council may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling.

SCC maintains a Euro account with its current bankers. This allows income to be received without incurring exchange costs for each transaction. A number of one-off, and recurring monthly payments are also made from the account. A relatively small balance is maintained, for which interest is now received.

The Council will consider the use of a hedging strategy to control and add certainty to the sterling value of any transactions, if values are judged by the Director of Finance & Performance (Section 151 Officer) to be significant.

1.4.2 Policy concerning the use of derivatives for exchange rate risk management

Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require full Council approval.

1.5 Refinancing risk management

Refinancing risk is the risk that when loans or other forms of capital financing mature, that they cannot be refinanced where necessary on terms that reflect the assumptions made in formulating revenue and capital budgets. These budgets have therefore been set at a level after considering as many factors and rate forecasts as possible and this risk has thus been reduced to a level that is perceived as acceptable.

1.5.1 Debt/other capital financing, maturity profiling, policies and practices

The Council will establish through its Prudential Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

- The generation of cash savings at minimum risk
- To reduce the average interest rate
- To amend the maturity profile and /or the balance of volatility of the debt portfolio.

1.5.2 Projected Capital Investment Requirements

The Director of Finance & Performance (Section 151 Officer) will prepare a three-year plan for capital expenditure for the Council. This is approved by members. The capital plan will be used to prepare a three-year revenue budget for all forms of financing charges.

Under the new capital financing system, the definition of capital expenditure and long term liabilities used in the Code will follow recommended accounting practice.

1.5.3 Policy concerning limits on affordability and revenue consequences of Capital Financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on Council tax. It will also take into account affordability in the longer term beyond this three-year period.

The Council will use the definitions provided in the Prudential Code for borrowing (83), capital expenditure (84), debt (86), financing costs (87), investments (88), net borrowing (89), net revenue stream (90), other long term liabilities (91).

1.6 Legal and regulatory risk management

Legal and regulatory risk is the risk that either the Council, or a third party which it is dealing with in its treasury management activities, acts outside of its legal powers or regulatory requirements and as a result the Council incurs loss.

1.6.1 References to relevant Statutes and Regulations

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council. The major relevant documents currently are:

- Local Government Act 2003
- CIPFA Prudential Code for Capital Finance in Local Authorities: Revised Edition 2011
- CIPFA Treasury Management in the Public Services Codes of Practice and Cross-Sectoral Guidance Notes: Revised Edition 2011
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- Guidance on Investments ODPM November 2009, effective from 1/04/2010
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- CIPFA Standard of Professional Practice on Treasury Management 1995
- LAAP Bulletin 55 CIPFA's Guidance on Local Authority Reserves and Balances
- The Non Investment Products Code (NIPS) - (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.
- Financial Conduct Authority's Code of Market Conduct (MAR1)
- PWLB annual circular on Lending Policy
- The Council's Standing Orders relating to Contracts
- The Council's Financial Regulations
- The Council's Scheme of Delegated Functions

1.6.2 Procedures for evidencing the Council's powers/authority to counterparties

The Council's powers to borrow and invest are contained in legislation as follows:

Investing: Local Government Act 2003, section 12

Borrowing: Local Government Act 2003, section 1

SCC will bring this to the attention of interested counterparties as necessary.

Evidence of the SCC scheme of delegation, and the individual officers authorised to deal on behalf of the Council is sent to new counterparties.

1.6.3 Required information from counterparties concerning their powers / authorities

Lending will only be made to counterparties who fulfill the prevailing counterparty criteria.

When lending directly to a new counterparty, a list of permitted contacts is requested, along with Standard Settlement Instructions (SSIs) and bank details on headed paper.

When lending via a broker we rely on the broker to provide bank details and payment instructions.

1.6.4 Statement on the Council's political risks and management of same

The Director of Finance & Performance (Section 151 Officer) shall take appropriate action with the Council, the Chief Executive, and the Leader of the Council to respond to and manage appropriately political risks such as change of majority group, leadership in the Council, change of Government etc.

1.6.5 Responsibility for ensuring legality of Treasury Management function

The Monitoring Officer is the Strategic Manager - Governance and Risk. The duty of this officer is to ensure that the treasury management activities of the Council are lawful.

The Chief Financial Officer (Section 151 Officer) is the Director of Finance & Performance; the duty of this officer is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if he has concerns as to the financial prudence of its actions or its expected financial position.

1.7 Fraud, error and corruption, and contingency risk management

Fraud, error and corruption risk is the risk that the Council may fail to employ adequate systems, procedures and other arrangements that identify and prevent losses through such occurrences.

1.7.1 Fraud, Corruption, and Anti-Money Laundering Policies and Practices

The Council has a fraud and corruption, and an anti-money laundering policy in place. All members of the Investments team are familiar with the policies, which are posted on the SCC Internet site.

The Council is committed to the use of procedures and practices that will reduce the risk of the above, and will therefore: -

- Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal procedures that minimise such risks.
- Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

1.7.2 Details of systems and procedures to be followed, including internet services

Authority

- 1) The Scheme of Delegation to Officers sets out the delegation of duties to officers.
- 2) All loans and investments are negotiated by the Principal Investment Officer, or in his absence, the Funds and Investments Manager, the Senior Investment Officer or Deputy Senior Investment Officer (the dealer).
- 3) Cash movements and justification for Loan(s) are verified by one of a panel of checkers, with resulting CHAPS, BACS, International payments and Inter-Account Transfers being authorised by a designated senior finance officer, via Nat West proprietary on-line systems, using passwords and CHIP & PIN technology.

Procedures

A fully documented procedures guide is kept for reference. This provides a very brief and simplified outline of the key stages for daily Treasury Management.

- 1) Overall daily balances are determined from downloaded bank information. ENPA and SWRB balances are separately identified and transfers to or from the main SCC bank account are affected to bring balances back to zero.
- 2) Payments or receipts of loans or loan interest are identified via the Treasury Management database.
- 3) Other payments / receipts are identified from the cash flow element of the TM database and other sources.
- 4) Excess cash will be invested according to security of investment, liquidity needs and prevailing market rates. Shortfalls will be covered by money in call accounts or short-term borrowing.

Investment and borrowing transactions

- 1) A detailed register of all loans and investments is maintained in the TM database. This is updated immediately after loans have been agreed. Accuracy of this is verified by the daily checking process.
- 2) Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the dealer for resolution. This acts as a second verification for accuracy of the database.
- 3) A broker note showing details of the loan arranged confirms all transactions placed through brokers. Any discrepancies are immediately reported to the broker, for resolution.

Regularity and security

- 1) Lending is only made to institutions that fulfill the relevant counterparty criteria.
- 2) The TM database prompts the dealer that money borrowed or lent is due to be repaid.
- 3) All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- 4) Counterparty limits are set for every institution that the Council invests with.
- 5) Brokers have a list of SCC counterparty criteria and named officials authorised to agree deals.
- 6) Counterparties with whom SCC deals directly have a list of officials authorised to agree deals.

- 7) There is a separation of duties in the section between dealers and the checking and authorisation of all deals.
- 8) No member of the treasury management team is an authorised signatory for payments made from any SCC account.
- 9) Payments are verified by one of a panel of checkers. Payments entered onto the Nat West proprietary system can only be authorised by nominated senior officers.
- 10) The Nat West Bankline system can only be accessed by password, and authorisation can only be achieved by using CHIP & PIN technology.

Checks

- 1) One of a panel of checkers verifies that all daily cash movements are accurate, complete, and duly authorised.
- 2) Entries to the loans database are checked for accuracy and completeness. Reports are presented showing loans outstanding and current balances with counterparties, highlighting the loans made that day, and their effect on balances held with counterparties.
- 3) Where investments are made, current ratings of counterparties are attached to loan documentation, giving the checker and ultimately the authoriser, opportunity to verify the counterparty creditworthiness.
- 4) Entries onto the Nat West system are checked for accuracy and completeness, giving an opportunity for challenge of details.
- 5) Bank reports are monitored and retained, showing the progressive status of payments. Any variances are immediately investigated and resolved.
- 6) A reconciliation of payments and receipts is carried out daily from the bank statement to the TM database, and periodically to the financial ledger.
- 7) Interest, both paid and received is periodically reconciled to bank statements and the financial ledger.

Calculations

- 1) The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the TM database.

Use of Internet Services

- 1) The Internet is used for a variety of functions performed during the course of treasury management. The application and the security of SCC instructions and data are paramount. To this effect, all proposed new systems are discussed and risk-assessed in conjunction with the Internal Audit team at SCC, prior to their use.

1.7.3 Emergency and Contingency Planning arrangements

Disaster Recovery Arrangements

All computer files are backed up on the dedicated Investments team server. All systems input are filed separately until a back up of data is taken each night. Having a dedicated server enables files to be accessed from remote sites.

In the event of massive systems failure, SCC has arrangements to go to various partner sites. Treasury Management can be coordinated from the offices of Nat West, which offer access to systems, information, and personnel, or from home via VPN.

Pension Fund operations can also be coordinated from the offices of TDBC, or Taunton Library. The use of services via the Internet will facilitate these arrangements.

Should travelling to County Hall or other identified sites not be possible, best efforts would be made using home computers and web-based applications, along with mobile communications.

Easy access to hard copies of essential documents and contact details is maintained, to facilitate in an emergency.

1.7.4 Insurance cover details

The Council has 'Fidelity' insurance cover. This covers the loss of cash by fraud or dishonesty of employees.

The Council also has a 'Professional Indemnity' insurance policy, which covers loss to third parties from the actions and advice of its Officers, which are negligent and without due care. This cover is limited to £20m for any one event with an excess of £10,000 for any one event.

The Council also has a 'Business Interruption' cover as part of its property insurance.

1.8 Market value of investments risk management

Market risk is the risk of fluctuations in the principal value of the Council's investments.

1.8.1 Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (Gilts, CDS, etc.)

Gilts, Commercial Paper, CD's and Money Market Funds (MMFs) are among the products that SCC may use, that pose market risk.

For MMFs a maximum percentage is set in the counterparty criteria, as part of the annual AIS. For other tradable instruments, it is always the intention to hold to maturity. It is recognised that it may be prudent to sell and crystallise a loss, and in such circumstances approval would be obtained from the Director of Finance & Performance (Section 151 Officer)

2.1.1 Evaluation and review of Treasury Management decisions

The Director of Finance & Performance (Section 151 Officer) has a number of approaches to evaluating treasury management decisions: -

- Monthly reviews carried out by the treasury management team
- Annual meetings with, and quarterly reports by Treasury Management advisors
- Annual and mid-year review as reported to Council
- Comparative reviews via CIPFA Benchmarking Club

2.1.2 Periodic reviews during the financial year

The Director of Finance & Performance (Section 151 Officer) and Strategic Manager – Finance Technical hold a treasury management review meeting with senior members of the investments team on a monthly basis, to review actual activity against the Treasury Management Strategy Statement and cash flow forecasts. This will include: -

- Evaluation of borrowing activity during the period under review
- Total debt including average rate and maturity profile
- Total investments including average rate and maturity profile
- Changes to the above from the previous review and against the TMSS
- Counterparty exposure
- Exposures relative to Prudential Indicators
- Future interest rates and strategy are discussed

2.1.3 Mid-year review

A Mid-year Review is submitted to Full Council, which reviews all activities involving the treasury management operation for the first six months of the year. This report contains the following: -

- Total debt and investments at the beginning of the year and at mid-year
- Borrowing activity for the 6-month period compared to strategy
- Investment activity for the 6-month period compared to strategy
- Explanations for variance between original strategies and activities
- Debt rescheduling undertaken in the period
- Actual borrowing and investment rates available through the period
- Comparison of return on investments to the investment benchmark
- Compliance with Prudential Indicators
- Other

2.1.4 Annual Review after the end of the financial year

An Annual Treasury Outturn Report is submitted to Full Council each year after the close of the financial year, which reviews all activities involving the treasury management operation. This report contains the following: -

- Total debt and investments at the beginning and close of the financial year and average interest rates

- Borrowing activity for the year compared to strategy
- Investment activity for the year compared to strategy
- Explanations for variance between original strategies and activities
- Debt rescheduling done in the year
- Actual borrowing and investment rates available through the year
- Comparison of return on investments to the investment benchmark
- Compliance with Prudential Indicators
- Other

2.1.5 Comparative reviews

When data becomes available, comparative reviews are undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential Indicators are locally set).

Data used can be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club –Quarterly reports
- Treasury Advisors

When comparing outcomes, it is most important to find out why any variance from other Local Authorities is occurring, and to understand the relative risks of the portfolios. In drawing any conclusions the Council will consider that the risk characteristics of other treasury management operations may differ from those of the Council's. Factors to consider are: -

- Use of different counterparties, by type and name
- Differing views on, and suitability of duration, at a portfolio and counterparty level
- Levels of cash to be invested
- Different advice of Treasury Advisors
- Availability and suitability of various instruments

2.2 Benchmarks and calculation methodology with regard to risk and return

2.2.1 Debt management

The overriding objective for approved borrowing is that it will be carried out in line with the CIPFA TM Code, i.e. that performance measurement should consider risk as well as return (borrowing rate). Priority will be given to risk management, and then the pursuit of minimising rate. There are many circumstances that may force borrowing at rates higher than the lowest achievable rate, but may be directly attributable to good risk management or differing risk tolerances. These may include:-

- Taking loans of a stated maturity regardless of rate to ensure the desired maturity profile and thereby reduce refinancing risk.
- Taking Lender's Options Borrower's Option (LOBO) loans with greater regard to the structure rather than the cheapest rate where optionality exposes the Authority to refinancing, liquidity, and interest rate risk.
- Taking LOBO loans that dovetail with existing LOBO optionality.
- It may not be policy to borrow in advance of need even though it may be generally accepted that rates will go higher in the near future.

- It may be prudent to wait until capital expenditure has been incurred before loans are taken, even though rates may increase in the interim.

There are simple performance benchmarking measures available, i.e. debt rate achieved in relation to average PWLB rates for the year, for any given maturity and type of loan. However, it is suggested that each loan be looked at individually to develop an appreciation of the factors influencing performance, with a view to improving the future processes of treasury decision-making.

CIPFA produces detailed reports of our performance compared with other authorities. Whilst these headline figures can be a useful guide in assessing performance, they should not be seen in isolation. It is important to also assess performance against the stated objectives and specific needs of SCC during the year, and to take a wider view in relation to timeframes and overall risk management. There are many factors that affect treasury performance that are not apparent from the CIPFA reports.

It will be highlighted that each authority will have different needs during any given year. For example, a large capital requirement in a year when borrowing rates are high can have an enormous adverse affect on the overall portfolio performance for years to come. Conversely, a high rate loan that drops out of a small portfolio can make performance look extremely impressive in a year when no activity was undertaken.

The CIPFA reports look at one year in isolation. LOBOs can be taken and reported with a reduced rate initially, but with a big increase after an initial period that is not apparent in the reporting period.

The above caveats aside, these reports can offer insight into specific areas of debt and can be used to challenge and inform prevailing strategy and tactics.

2.2.2 Investment

The overriding aim of SCC is in line with CLG guidance, i.e. to invest prudently. The guidance defines a prudent investment policy as having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). It goes on... "Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest yield consistent with those priorities".

Ordinarily the Council would aim to achieve a performance benchmark such as 0.5% above 7-day Libid over a rolling 3-year period. However it would be prudent for the Council to suspend return-driven performance targets until such time that financial markets return to more normal operations..

The performance of investment returns is measured against the Local Authority universe, and a selected peer-group of nineteen similar Councils via the CIPFA Benchmarking Club.

Similar to the debt portfolio, these headline figures can be a useful guide in assessing performance, but should not be seen in isolation. It is important to take a wider view in relation to timeframes and overall risk management.

There may be different priorities to satisfy revenue or capital requirements. If revenue interest is the priority in a low interest rate environment, the need for extra yield may influence investment decisions.

Overall policy and risk appetite will differ, as will the techniques and tools used to achieve objectives, and as part of risk management.

2.3 Policy concerning best value in Treasury Management

2.3.1 Banking services

The Council's current banking arrangements are for a five-year contract starting in April 2015. Pricing is to be reviewed every three years, to ensure that tariffs, and volume of transactions used for tariffs continue to be value for money and appropriate respectively.

2.3.2 Money-broking services

In addition to direct dealing with counterparts, use is made of money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them.

An approved list of brokers will be established which takes account of both prices (if borrowing is required) and quality of services.

2.3.3 Consultants'/advisers' services

Arlingclose Ltd, have been treasury advisors to SCC since 2009. They provide ongoing independent analysis and advice on market and investment conditions, and the suitability of counterparties among other services. The full schedule of services they provide can be found at 11.1.3.

SCC recognises, as per CIPFA guidance, that, "the overall responsibility for treasury management must always remain with the Council". SCC has always performed its own analysis of market and investment conditions, and the suitability of counterparties. It continues to do so through embedded practices, thereby maintaining the skills of the in-house team. This ensures that services provided by advisors can be challenged, and that undue reliance is not placed on them.

2.3.4 Policy on External Managers (Other than relating to Pension Fund)

The Council's policy at present is to not use External Managers. This position is reviewed on a regular basis.

The delegation of investment management, if appointed, to external managers will entail the following: -

- Formal contractual documentation;
- Agreement on terms for early termination of the contract;
- Setting of investment instruments, constraints/parameters/conditions
- Setting of investment counterparty limits;
- Setting a performance measurement benchmark and a performance target;
- Frequency of performance reporting;

- Frequency of meetings with investment managers;

The activities of any appointed external manager will be regularly reviewed by the Director of Finance & Performance (Section 151 Officer) and reported appropriately.

3.1 Funding, borrowing, lending, and new instruments / techniques**3.1.1 Records to be kept**

The Treasury section has a dedicated database system (Logotech), in which all investment and loan transactions are recorded. The following records will be retained: -

- Daily cash balance forecasts
- Rates available on the day, from two brokers (to support investment decision)
- Copy of dealing sheet highlighting rates quoted from direct counterparties, and that sufficient headroom is available for proposed investment
- Confirmation of counterparty ratings
- Deal ticket for all money market transactions
- List of outstanding investments and counterparty limits
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing / lending institutions
- Other documentation as required to support the decision, i.e. PWLB rates if LOBO taken, Libor rates for range trades.

3.1.2 Processes to be pursued

- Ongoing review of economic factors, and analysis of their impact re opportunities and threats to the debt and investment portfolios
- Cash flow forecasting and analysis
- Debt and investment maturity analysis
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure
- Performance information (e.g. monitoring of actual against budget for debt charges and interest earned).

3.1.3 Issues to be addressed**3.1.3.1 In respect of every treasury management decision made the Council will: -**

- Above all be clear about the nature and extent of the risks to which the Council may become exposed
- Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
- Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive

3.1.3.2 In respect of borrowing and other funding decisions, the Council will: -

- Evaluate economic and market factors to form a view on future interest rates so as to determine the manner and timing of decisions to borrow
- Consider the sources of borrowing, alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships to minimise costs and risks
- Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets
- Seek to reduce the overall level of financing costs / smooth maturity profiles through debt restructuring

3.1.3.3 In respect of investment decisions, the Council will: -

- Consider the optimum period, in the light of cash flow availability and prevailing market conditions
- Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital
- Determine appropriate credit policy limits and criteria to minimise the Council's exposure to credit and other investment risks

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved activities of the Treasury Management operation

- Borrowing
- Lending
- Debt repayment and rescheduling
- Consideration, approval and use of new financial instruments and treasury management techniques
- Managing the underlying risk associated with the Council’s capital financing and surplus funds activities
- Managing cash flow
- Banking activities
- Leasing

4.2 Approved instruments for investments

As investment instruments are constantly being developed and evolved by financial institutions, staff will keep abreast of developments and report to the monthly TM meeting, those that it feels may be considered for use by SCC. The Director of Finance & Performance (Section 151 Officer) has the delegated authority to approve the use of any such investments, subject to what has been approved by members in the AIS/TMSS, and prudential limits.

Those currently used, or that are proposed to be used in the next year, will be detailed in the AIS, as part of the TMSS approved by Full Council each year.

4.3 Approved techniques

- Forward dealing
- The use of Snowballs, Range Trades, Escalators, Callable deposits, or any other structured investment approved by the Director of Finance & Performance (Section 151 Officer)
- LOBOs - lenders' option, borrowers' option borrowing instrument

4.4 Approved methods and sources of raising capital finance

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the Council has a number of approved methods and sources of raising capital finance. These are: -

On Balance Sheet	Fixed	Variable
PWLB (Loans issued by HM Treasury)	●	●
Market Loans (including LOBOs)	●	●
Market (temporary)	●	●
Local Authorities	●	●

Local Bonds	●	
Overdraft		●
Internal (capital receipts & revenue balances)	●	●

Other Methods of Financing

Government and EC Capital Grants
 Lottery monies
 PFI/PPP
 Operating leases

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Director of Finance & Performance (Section 151 Officer) has authority to take the most appropriate form of borrowing from the approved sources.

4.5 Investment limits

The AIS sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing limits

See the TMSS and Prudential Indicators for agreed annual limits.

4.7 Use of Derivatives

The revised CIPFA TM code requires that the Council must explicitly state whether it plans to use derivative instruments to manage risks.

Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require Full Council approval.

In developing a risk management framework governing the use of derivatives, SCC Officers would need to: -

- Ensure full understanding of the product(s)
- Demonstrate the derivative transaction has reduced overall exposure to treasury risks
- Consider whether officers have the skills and experience to identify, evaluate and control the risks involved.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION SCHEDULE E OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 Limits to responsibilities / discretion at Council / Executive levels

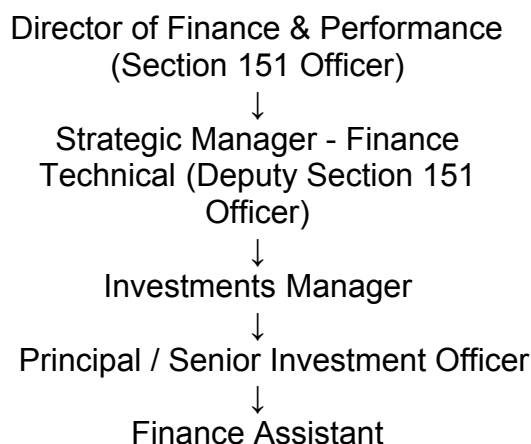
- ✓ Full Council will approve the Prudential Indicators and revise them as and when necessary
- ✓ Full Council will receive and review reports on treasury management policies, strategies, and activities.
- ✓ The Director of Finance & Performance (Section 151 Officer) will be responsible for amendments to the Council's adopted clauses, treasury management policy statement and treasury management practices.
- ✓ The Director of Finance & Performance (Section 151 Officer) will approve the segregation of responsibilities
- ✓ The Director of Finance & Performance (Section 151 Officer) or Strategic Manager – Finance Technical will receive and review internal and external audit reports and put recommendations to the Audit Committee
- ✓ Approving the selection of external service providers and agreeing terms of appointment will be decided by the Director of Finance & Performance (Section 151 Officer)

5.1.1 Principles and practices concerning segregation of duties

Separate officers must undertake the following duties: -

Dealing	Negotiation and approval of deal – Dealer Receipt and checking of brokers confirmation note against loans diary – Finance Assistant Reconciliation of cash control account – Corporate Accounting Team (CATS) Bank reconciliation – CATS (2)
Checking	Verification of accuracy of information and legitimacy of payments - Panel of approved senior officers
Payment of Deal	Entry onto system - Dealer Approval and payment – Approved authorisers
Accounting Entry	Production of transfer note – Dealer Processing of accounting entry – Cashiers / CATS

5.1.2 Treasury Management organisation chart



5.2 Statement of duties / responsibilities of each treasury post

5.2.1 The Director of Finance & Performance (Section 151 Officer)

The Director of Finance & Performance (Section 151 Officer) will: -

- Submit budgets and budget variations in accordance with Financial Regulations and guidance.
- In setting the prudential indicators, the Director of Finance & Performance (Section 151 Officer) will be responsible for ensuring that all matters are taken into account and reported to the Cabinet so as to ensure the Council's financial plans are affordable, prudent and sustainable in the long term.
- Establish a measurement and reporting process that highlights significant variations from expectations.
- Make reports to the Cabinet under S114 of the Local Government Finance Act 1988 if the Director of Finance & Performance (Section 151 Officer) considers the Council is likely to get into a financially unviable situation.
- Recommend treasury management policy, strategy, and practices for approval, reviewing the same on a regular basis, and monitoring compliance.
- Submit treasury management reports as required to the full Council.
- Review the performance of the treasury management function and promote best value reviews.
- Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.

- Ensure the adequacy of internal audit, and liaise with external audit.
 - Recommend on appointment of external service providers in accordance with Council standing orders.
- 2) The Director of Finance & Performance (Section 151 Officer) has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
 - 3) The Director of Finance & Performance (Section 151 Officer) may delegate his power to borrow and invest to members of his staff. The Treasury Management Team must conduct all dealing transactions, or staff authorised by the Director of Finance & Performance (Section 151 Officer) to act as temporary cover for leave/sickness.
 - 4) The Director of Finance & Performance (Section 151 Officer) will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
 - 5) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Director of Finance & Performance (Section 151 Officer) to be satisfied, by reference to the County Solicitor and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.
 - 6) It is also the responsibility of the Director of Finance & Performance (Section 151 Officer) to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

The Director of Finance & Performance (Section 151 Officer) may delegate some or all of the above duties that do not fall under the responsibility of the Section 151 Officer, to the Deputy Section 151 Officer, currently the Strategic Manager – Finance Technical.

5.2.2 The Investments Team will be responsible for: -

- 1) Execution of transactions and conduct of other day-to-day activities in accordance with the Treasury Management Practices.
- 2) Adherence to agreed policies and limits.
- 3) Managing the overall treasury management function.
- 4) Ensuring appropriate segregation of duties.
- 5) Monitoring performance on a day-to-day basis.
- 6) Submitting management information reports to the Director of Finance & Performance (Section 151 Officer).

- 7) Maintaining relationships with third parties and external service providers and reviewing their performance.

5.2.3 The Monitoring Officer – The Strategic Manager – Governance & Risk

The responsibilities of this post will be: -

- 1) Ensuring compliance by the Director of Finance & Performance (Section 151 Officer) with the treasury management policy statement and treasury management practices, and that they comply with the law.
- 2) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.
- 3) Giving advice to the Director of Finance & Performance (Section 151 Officer) when advice is sought.

5.2.4 Internal Audit

The responsibilities of Internal Audit will be: -

- 1) Reviewing compliance with approved policy and treasury management practices.
- 2) Reviewing division of duties and operational practice.
- 3) Assessing value for money from treasury activities.
- 4) Undertaking probity audit of treasury function.

In all cases, audits will be conducted using a risk-based approach, identifying, assessing, and recommending mitigation actions relating to treasury management risks.

5.3 Absence cover arrangements

In the absence of the Principal Investment Officer, the responsibility for day-to-day operations of the Treasury Management function rests with the Investments Manager, or the Senior Investment Officer and Deputy.

5.4 Dealing limits

To ensure flexibility and maximum continuity, there are no dealing limits for individual posts

5.5 List of approved brokers

A list of approved brokers is maintained within the Treasury Management Team and a record of all transactions recorded against them. See TMP 11.1.2.

5.6 Policy on brokers' services

It is the Council's policy to allocate business between brokers on an equitable basis whenever possible. However, for similar levels of counterparty risk and liquidity, the broker with the most advantageous rate will be used.

5.7 Policy on taping of conversations

It is the Council's policy not to tape conversations with counterparties or brokers.

5.8 Direct dealing practices

The Treasury Management team deal direct with counterparties in addition to the use of money brokers. A copy of the counterparty Standard Settlement Instructions (SSIs) is required before funds are placed.

5.9 Settlement transmission procedures

All settlements are dealt through the Clearing Houses Automated Payments System (CHAPS) via the SCC bankers' proprietary system. After checking for accuracy and authenticity of counterparty bank details by the checker, one of a pool of authorised signatories sends the payment raised by the Dealer.

5.10 Documentation requirements

For each deal undertaken a record is entered into the TM database, giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), and broker. A print of each deal is attached to the pack of papers along with a revised balances outstanding report and a revised counterparty limits report. Prints of the proposed counterparty rating(s) are also attached. These documents are verified before payments are sent.

Any breach of counterparty limit is referred to the Director of Finance & Performance (Section 151 Officer) or other senior officer, who has the discretion to authorise the breach, dependent on circumstances.

5.11 Arrangements concerning the management of counterparty funds

SCC has a contract to provide treasury management services to the Police and Crime Commissioner for Avon and Somerset. It manages these funds on a segregated basis under contractual arrangements.

SCC manages funds on behalf of Exmoor National Park Authority, and the South West Regional Board. This money is managed on an aggregated funds basis under terms agreed in a Service Level Agreement.

SCC manages funds of other public or not-for-profit organisations via the Comfund. Specified terms and conditions are agreed and signed by participating bodies.

SCHEDULE F

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual Treasury Management Strategy Statement

The TMSS sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to Full Council for approval before the commencement of each financial year. It will also be made available to the Audit Committee.

The formulation of the annual TMSS involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

The TMSS is concerned with the following elements: -

- Current Treasury portfolio position
- Borrowing requirement
- Borrowing strategy
- Debt rescheduling
- Investment strategy
- Prudential Indicators
- Any extraordinary treasury issue

The TMSS will take into account expected moves in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and consider sensitivities in different scenarios.

6.2 Prudential Indicators

The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential Indicators.

The Director of Finance & Performance (Section 151 Officer) is responsible for incorporating these limits into the annual TMSS, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Director of Finance & Performance (Section 151 Officer) shall submit the changes for approval to the Council.

6.3 Mid-year review of activity

A mid-year report will be presented to Full Council at the earliest practicable meeting after the end of the first half of the financial year. This report will include the following: -

- ✓ Movement in the debt and investment portfolios during the first six months
- ✓ Significant transactions executed
- ✓ Measurements of performance
- ✓ Monitoring of compliance with approved policy, prudential limits, practices and statutory / regulatory requirements, and reporting of any deviations
- ✓ Risk management

6.4 Annual report on Treasury Management activity

An annual report will be presented to Full Council at the earliest practicable meeting after the end of the financial year. This report will include the following: -

- ✓ A comprehensive picture for the financial year of all treasury policies, strategies, activities and results
- ✓ Movement in the debt and investment portfolios during the year
- ✓ Significant transactions executed
- ✓ Measurements of performance
- ✓ Monitoring of compliance with approved policy, prudential limits, practices and statutory / regulatory requirements, and reporting of any deviations
- ✓ Risk management

6.5 Management information reports

Management information reports will be prepared at regular intervals by the Treasury Management Team and will be presented to the Director of Finance & Performance (Section 151 Officer) at monthly meetings. The reports are used to inform discussion on current, future, and potential risks, past performance and future tactics and operations. They focus on the risks to the achievement of TM objectives, and the tools, techniques, and tactics to mitigate risks.

Management reports will contain the following information: -

- 1) Movements in interest and money market rates and the yield curve
- 2) Movements in SCC cash, cash balances, and types of deposit made
- 3) Performance of investments
- 4) Comfund performance and details of investments made
- 5) Current debt portfolios, including analysis of market loans
- 6) Movements in PWLB and market rates and opportunities / threats arising
- 7) Current and changes (actual and potential) to ratings of current and potential counterparties
- 8) Analysis of risk metrics for investment portfolios
- 9) Compliance with Prudential limits and other stated policies, strategies, codes of practice, and practices
- 10) Any other treasury management business

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**7.1 Statutory / Regulatory requirements**

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices. The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to the Council's treasury management activities.

7.2 Accounting Practices Standards

Due regard is given to the CIPFA Code of Practice on Local Authority Accounting Practices.

7.3 Sample budgets / accounts / Prudential Indicators

The Director of Finance & Performance (Section 151 Officer) will prepare a three-year medium term financial plan with Prudential Indicators for treasury management, which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Director of Finance & Performance (Section 151 Officer) will exercise effective controls over this budget and monitoring of performance against Prudential Indicators, and will report upon and recommend any changes required in accordance with TMP6.

7.4 List of information requirements of external auditors

- Reconciliation of loans outstanding in the financial ledger to Treasury Management records
- Maturity analysis of loans outstanding
- Certificates for new long term loans taken out in the year
- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Principal and interest charges reports from the Treasury Management system
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Mid-year and Annual Treasury Outturn Reports

- Treasury Management Strategy Statement and Prudential Indicators
- Information of charges to the Income & Expenditure account in respect of MRP analysed into its constituent parts
- Details of any amounts held on behalf of external bodies and movements in those funds during the year.

TMP 8 CASH AND CASH FLOW MANAGEMENT

SCHEDULE H

8.1 Arrangements for preparing cash flow statements

Cash flow projections are prepared regularly. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

Cash flow is recorded on the TM database with as great an accuracy as is possible, to assist in analysis and better future predictions.

All efforts are made to contact various departments prior to the financial year in order to ascertain timings and amounts of grants and other income to be received, or payments to be made.

Cash flow forecasts are updated daily as information flows from payroll, creditors etc pass through the TM team for payment.

8.2 Bank statements procedures

The Corporate Accounting Team receives daily bank statements and a daily download of data from the bank. All amounts on the statement are checked to source data from Treasury Management documents as well as Payroll and Creditor information. The Corporate Accounting Team (CATS) allocates expenditure to codes daily, which helps to identify differences. Cashiers perform the same process for income. CATS also undertake formal bank reconciliation on a monthly basis.

8.3 Payment scheduling and agreed terms of trade with creditors

SCC policy is to pay creditors at the latest possible date within the terms of the creditor. The creditor system is able to apply different terms for each creditor. The Exchequer Team performs this function. The Exchequer team is also responsible for the arrangements for monitoring debtor and creditor levels.

There may be occasions where advantageous terms can be gained by paying in advance of contractual terms. The decision to enter into revised terms will remain with the senior officers responsible for the budget.

8.4 Procedures for banking of funds

All money received by an officer on behalf of the Council will without unreasonable delay be passed to the bankers to deposit in the Council's banking accounts. .

9.1 Procedures for establishing identity / authenticity of lenders

The Council does not accept loans from individuals.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the Financial Conduct Authority (FCA) website at www.fca.org.uk

When repaying loans, the procedures in 9.2 will be followed to check the bank details of the recipient.

9.2 Methodology for identifying deposit takers

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that fulfill the counterparty criteria approved by Full Council, as part of the Annual Investment Strategy. Where these are deposits, they will only be placed with a Financial Institution that is authorised by the Prudential Regulation Authority to accept deposits, is a Building Society incorporated in the UK, or is a passported EEA institution.. A ‘List of Banks’ is published by the Prudential Regulation Authority (PRA) and can be accessed through the Bank of England website <http://www.bankofengland.co.uk/pr/Pages/authorisations/banksbuildingsocietieslist.aspx> . [The exceptions to this are other Local Authorities and the DMO.](#)

Where a counterparty is contracted via a broker, the broker confirms bank details. Where SCC has previously used the counterparty, details are checked against those currently held. Any changes are confirmed by the broker and by the counterparty on headed paper. When a broker introduces a new counterparty, SSIs on headed paper are requested.

When dealing with counterparties direct, a copy of SSIs is requested, as well as a list of contacts that are authorised to transact and / or provide information.

All payment transactions are carried out via CHAPS, for making deposits or repaying loans.

9.3 Proceeds of Crime Act 2002 (POCA)

Please find below an explanation of the current responsibilities of local authorities: -

The Proceeds of Crime Act 2002 imposes an obligation on any person or other body that undertakes a regulated activity as defined by the Act to report any incident that leads them to suspect that an individual or other body is making transactions with the proceeds of any criminal activity. This is an extension of the obligations previously imposed principally on financial services organisations and employees under money laundering legislation. The money laundering legislation, as reinforced by the FSA guidance, made it clear that an organisation had to nominate a money laundering reporting officer, MLRO, through whom suspicious transactions had to be reported and it was incumbent on the MLRO to decide if these transactions had to be reported to the National Criminal Investigation Service (NCIS), being the police body charged with dealing with these matters.

The question therefore arises as to whether organisations now caught under the provisions of the Proceeds of Crime Act (POCA) have to also nominate a MLRO. There is nothing that states that an MLRO has to be nominated and indeed, a number of organisations that are caught by POCA would not have a direct regulator to notify. However, it is equally clear that such organisations must have a process in place whereby employees can alert management of activities that may fall under POCA and that process must make it clear to whom an internal report has to be made. Therefore, whether called an MLRO or not, under their internal processes organisations need to appoint a senior officer (F.D., Treasurer, Head of Legal) to whom suspicions must be reported and who is responsible for deciding whether to pass the report to NCIS.

NCIS

PO BOX 8000

LONDON SE11 5EN

www.ncis.co.uk

The Director of Finance & Performance (Section 151 Officer) is conversant with the requirements of the Proceeds of Crime Act 2002 and will train the following staff in being diligent to be alert for suspicious transactions: -

- Treasury management
- Cashiers section
- Other as appropriate

The Council has appointed the Strategic Manager – Finance Controls & Standards to be the responsible officer to whom any suspicions that transactions involving the Council may include a party who is involved in criminal activity. Suspicious transactions will be investigated as far as the Council is in a position to do so or it is appropriate for the Council to do so, and if doubts remain, these transactions will then be reported to the National Criminal Investigation Service.

9.4 Other relevant Legislation

Money Laundering Regulations 2007 - SCC has written Anti Money Laundering, and Anti Fraud and Corruption Policies, which are available on the intranet. The Investments Team is aware of these policies.

Terrorism Act 2000 – Local Authorities are subject to full provisions

Bribery Act 2010 – Local Authorities should be mindful of its requirements

10.1 Details of approved training courses

SCC does not currently subscribe to membership of the CIPFA Treasury Management Network, but attends seminars on an ad hoc basis. to keep abreast of relevant industry and market developments, and to share best practice with practitioners from other Local Authorities and Public Services.

There is no list of approved training courses maintained, but sources of training and contents of courses and seminars are received frequently from a host of external suppliers. In line with the Council Line Management & Annual Review (LMAR), courses deemed suitable will be suggested and approved accordingly. These may be provided by CIPFA, ratings agencies, or money brokers etc.

10.2 Starting Qualifications

There is a stated minimum level of qualification needed, as part of each job description for the various posts within the Investments team.

The Council recognises the importance that all treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a (LMAR) system, which identifies the training requirements of individual members of staff engaged in treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Director of Finance & Performance (Section 151 Officer) to ensure that all staff under his authority receives any necessary training.

10.3 Statement of Professional Practice (SOPP)

As a member of CIPFA the Director of Finance & Performance (Section 151 Officer) is required to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

10.4 Details of qualifications & experience of treasury staff - As at May 2016

Investments Manager

- Has experience working within the financial and investment services industry in both the public and private sectors since 1996, and has been heading up the SCC Investments team since March 2003.
- Is a Chartered Financial Analyst and an Associate of the Society of Investment Professionals.
- Holds a BSc (Hons) degree in Accounting and Financial Analysis.

Principal Investment Officer

- Has worked in the SCC investments team since 1998, with the exception of 2 years in the SCC internal audit team.

- Holds a BA (Hons) degree in Business Administration
- Is AAT qualified
- Holds the Investments Administration Qualification from the Securities Institute.

Senior Investment Officer

- Has worked in the SCC investments team for 11 years, and a further 7 years in various accounting functions of SCC
- Is AAT qualified
- Holds the Investment Management Certificate.

10.5 Records of training received by treasury staff

Formal records of training received by treasury staff are kept by the individuals involved. All course material is kept for as long as it is deemed relevant.

10.6 Records of training received by those charged with governance

All new Councillors receive an overview of the treasury management function as part of their induction.

Training opportunities for members are highlighted each year in the TMSS. Invitations to attend CIPFA events relevant to Treasury Management are offered.

Records of any training received are to be kept by those charged with governance.

11.1 Details of contracts with service providers, including bankers, brokers, consultants, and advisers**11.1.1 Banking services**

- Name of supplier of service is currently Nat West Bank
- The branch address is: 49 North Street, Taunton, TA1 1NB
- Contract commenced 1 April 2015 and runs for five years. Cost of service is variable depending on schedule of tariffs and volumes
- Payments due quarterly

A full tender conducted under EU procurement rules will be undertaken at the end of the current contract.

11.1.2 Money-broking services

In addition to direct dealing, the Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers where rates offered are the same, but the best rate achieved will be the primary factor.

The Principal Investment Officer, on an ongoing basis, evaluates the service levels of brokers and in the event that rates are equal, the broker that has been offering the best service will be given the transaction. Contact with an approved list of 5 brokers (below) is maintained. Appropriate recommendations to change the approved brokers list will be made to the Director of Finance & Performance (Section 151 Officer) at monthly TM meetings.

Current broker contacts: -

- Tullett Prebon
- Tradition UK Ltd
- Sterling International Brokers (Part of BGC Brokers)
- Intercapital (Europe) Ltd
- RP Martin

11.1.3 Consultants' / advisors' services**Treasury Advisor Services**

Arlingclose were selected as Treasury Advisors to SCC In February 2009, and have retained the position after a full competitive tender in 2012. Under the schedule of services to be provided, they will: -

1. Provide assistance in compliance with the CIPFA Code of Practice on Treasury Management in respect of policy and strategy statements, Treasury Management Practice maintenance and the reports made to Committee, Cabinet, Scrutiny and Council.
2. Assist in the calculation and setting of the Council's Prudential Indicators.

3. Provide advice in monitoring the Council's internal treasury procedures.
4. Provide economic and interest rate forecasts.
5. Advise the Council on Investment Strategy and its execution.
6. Advise the Council on credit worthiness policy and reconciliation of Council's list of investment counterparties.
7. Hold an annual strategy and review meeting with the Council to set and review treasury strategy and monitor progress in response to changing economic, political and legislative events and circumstances
8. Provide advice and guidance within an agreed strategy on long-term borrowing as well as debt restructuring opportunities including the evaluation of the financial impact of activity on the General Fund in accordance with the Council's adopted treasury strategy, Prudential Indicators and relevant accounting standards.
9. Provide periodic reviews of progress and reassessment of the Council's financial objectives in light of prevailing interest rate forecasts, economic developments and any legislative changes that impact on management of the portfolio.
10. Assist in the monitoring of the Council's debt and investment portfolio performance.
11. Provide training opportunities to officers.

11.1.4 Leasing Consultancy Services

The Council currently uses Chrystal Consulting for leasing consultancy services. They are not paid a set fee, but earn their fees as a percentage of the savings that they make as a result of negotiating a better deal than that first offered by the lessor.

11.1.5 External Fund Managers

None used at present for Treasury Management purposes.

11.1.6 Credit rating agency

The Council does not subscribe to a credit rating service, but has free access to much ratings information through registration with all three major ratings agencies, Fitch, Moody's, and Standard & Poor's.

12.1.1 List of documents to be made available for public inspection

The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

It has adopted the CIPFA Code of Practice on Treasury management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

The following documents are available for public inspection: -

- Treasury Management Policy Statement
- Treasury Management Strategy Statement
- Annual Investment Strategy
- Annual Treasury Outturn Report
- Mid-year Outturn Report

- Annual Statement of Accounts
- Annual budget
- 3-Year Capital Plan

- Minutes of Full Council meetings

12.1.2 List of external funds managed on behalf of others and the basis for attribution of interest and costs

SCC has a contract to provide treasury management services to the Police and Crime Commissioner for Avon and Somerset. It manages these funds on a segregated basis under contractual arrangements.

SCC manages funds on behalf of Exmoor National Park Authority, and the South West Regional Board. These monies are managed on an aggregated funds basis in the name of SCC, under terms agreed in a Service Level Agreement with those bodies.

SCC manages funds of other public or not-for-profit organisations via the Comfund. Specified terms and conditions are agreed and signed by participating bodies.

EXPLANATION OF KEY INVESTMENT TERMS SCHEDULE M

LIBOR – London Interbank Offered Rate

LIBOR stands for London InterBank Offered Rate. LIBOR is an indicative average interest rate at which a selection of banks (the panel banks) are prepared to lend one another unsecured funds on the London money market

LIBOR is calculated for five currencies, across seven maturities. The official LIBOR interest rates are announced once a day at around 11:45 a.m. London time by ICE Benchmark Administration (IBA). They are trimmed averages of inter-bank deposit rates offered by designated contributor banks, for maturities ranging from overnight to one year..

There are between eight and sixteen contributor banks on each currency panel and the reported interest is the mean of the middle values (the interquartile mean). The rates are a benchmark rather than a tradable rate; the actual rate at which banks will lend to one another continues to vary throughout the day.

LOBO

A LOBO is a loan taken out against the issue of a Bond by the borrower, in this case Somerset County Council.

It gives the Lender (L) the Option (O) to vary the rate of the loan after a set initial period. If this option is exercised, the Borrower (B) has the Option (O) to agree to the new rate, or repay the loan without penalty.

Stepped LOBOs are simply a variation, which introduce an additional period into the agreement, and in doing so allow greater flexibility into the structure of the loan.

The providers of these funds are major banks who came into the Local Authority market around 1997. At this time the Public Works Loan Board restricted its lending to periods of 25 years, whereas previously it had loaned in periods of up to 60 years. The commercial market woke up to the fact that local authorities had large demands for long term funding, and also that Councils are very highly rated in terms of their creditworthiness.

Somerset started to use this new product in 1997, and now has a total of approximately £170m of such borrowings out of a total portfolio of £338.75m. The lenders are Barclays, FMS Wertmanagement, Dexia, KA Finanz, Landesbank Hessen-Thuringen, and Hypothekenbank.

In arranging new loans account is taken of the existing loans portfolio and the financing needs of the County Council in accordance with our usual risk-averse policies. We take particular note of when the lenders options fall due and plan our maturity profile on the assumption that we will repay the loan in full at the first option date so that we will not find ourselves in a compromised position of having to re-finance large sums in any given year. Our general policy on reacting to a lender exercising an option to raise the rate, is to repay and re-finance if necessary. This may be in the form of another market loan, PWLB loan, or temporary borrowing.

An added aspect with stepped loans is the 'back end' of the deal. An initial period at a lower rate is a bonus, and very useful to have to help the Revenue Budget. However, the

prime consideration is 'would we be happy to stay with the back end rate if it ran on to maturity? Typically we structure our loans such that the 'back end' is the same our lower than the longest available PWLB loan rate at the time that the loan is taken out and do this in preference to getting the cheapest rate before the step.

1) Callable Deposit

This is a very simple deposit that pays a rate higher than you would currently receive for the same period, but as the name suggests the borrower has the right to terminate the trade at pre-arranged dates in the future.

For example, a 3-year non-call 3-months deposit currently pays a rate of 5.5%.

In this example the borrower will pay you 5.5% for the first 3 months, and in 3 months time will decide whether to pay you the same rate for the next 3 months, or terminate the trade, and so on until maturity.

The borrower will pay 5.50% from today until 3 months time Guaranteed!
In 3 months time the borrower may pay you 5.5% for the next 3-month period. If this happens, in a further 3 months time the borrower may pay you 5.50% for the following 3 months, this process will continue until the maturity date of the deposit.

If the borrower does not wish to pay you 5.5% for the next period, the borrower then has the right to terminate the trade. This means that the borrower will either give you your money back with the accrued interest to that date, or both parties agree another callable trade, again at an enhanced rate in comparison to prevailing rates.

All aspects of the trade are negotiable, for example the term of the trade, the non-call period, the call periods etc, but each change will either have a positive or negative effect on the rate payable.

The bottom line on this deposit is that you get an enhanced rate compared to current market rates, the borrower can hold the lender to the full term, but can also cancel on the pre-agreed dates if they wish to. If they cancel the trade they may look to roll this into a new deposit, again at an enhanced rate compared to the market, but it is possible that the lender gets their money back early having achieved a better than market return in the period of the deposit.

The key risk to a callable deposit is that if rates fall, there is reinvestment risk, the risk that the borrower repays the deposit, and the lender is left to reinvest at the reduced prevailing rate. This is mitigated slightly, in that it is possible to enter a new callable deal at rates above prevailing rates, but by taking a callable loan, the lender has foregone the opportunity to lend longer for fixed periods.

A necessary consideration is the length of the loan. Similar to fixed-term deposits, if rates increase significantly during the period of the loan, the rate can be a drag on the rest of the portfolio.

2) Callable Range Accrual (Range Trade)

A Callable Range Accrual is so called because it is callable or cancellable by the bank after the initial period, as above. However, where it differs, is that interest accrues only as

long as Libor (London Interbank Offer Rate, or another independently derived and published benchmark rate) stays within a pre-agreed range. The lender can choose the range, the non-call period, the Libor they wish to use, the call periods and the potential return they wish to receive.

A 3 years non-call 3 months will currently pay a rate of 11.00% as long as 3 month Libor stays within a range of 0% and 5.50%.

For any day that the Libor sets outside the chosen range, the lender will receive 0% for each day. If Libor then subsequently resets back within the range the lender will accrue again at the enhanced rate (in this case 11.00%)

It is possible to set the minimum guaranteed, so rather than receive 0% if Libor is outside the range, a minimum of 3% or 4% is payable. In this case, the rate paid if within Libor is reduced, in this case, to roughly 8.5%.

The bank has the right to cancel this trade after the first 3 months, and every 3 months thereafter.

With a range trade, the lender is backing his judgement on interest rate movements and in exchange for that can achieve a significantly enhanced return. This is done as part of portfolio management. The risk of rates going above Libor on a small part of the portfolio (and therefore none, or little payment on a range accrual) will be offset by the fact that the rest of the portfolio will be returning more than expected.

The key risk to a callable range accrual is obviously that the contractual Libor rate goes outside the specified range. It is possible to mitigate this risk by analysing the historical behaviour of any specified Libor relative to base rate. By taking a view on expected base rate (which is done on all deposits), a lender can minimise exposure, and choose a range to match his risk appetite.

As with all callable loans, there is reinvestment risk as stated above.

3) Snowball

A Snowball deposit takes a 'bearish' view on rates, i.e. that rates are going to fall faster (or rise slower) than the market expects. If this view proves correct, the interest coupon will increase or 'snowball'. The snowball can be a useful tool for protecting a portfolio against falling cash yields.

The coupon for the first period is set at a fixed level on the trade date. Subsequent coupons then increase (or decrease) depending on how rates have actually moved over time, in comparison to a 'strike' level, which is also determined on the trade date.

The lender can choose the initial coupon, strike levels, and as for the Callable Range Accrual; the non-call period, the rate you wish to use and the call periods (snowballs may be issued as either callable or non-callable). Note that the coupon amount is determined at each payment date, rather than accruing on a daily basis.

To illustrate how this works, consider the following (hypothetical) example: Libor is currently at 6% and the market expects rates to remain there *but* you believe rates will fall to 5.50%.

You invest in the following snowball deposit paying you an initial Coupon of 7% for 3 months. Subsequent coupons are calculated as follows every quarter:

Previous Coupon + 6.25% - Libor (where 6.25% is your chosen strike level)

So let's consider what happens for the next coupon if Libor does fall to 5.50%. It would be: $7\% + 6.25\% - 5.50\% = 7.75\%$

On the other hand, if Libor instead rises to 6.50% the coupon would be: $7\% + 6.25\% - 6.50\% = 6.75\%$

So the coupon rises if Libor falls below your strike level or falls if Libor rises above the strike. To complete the picture and to move on to the third coupon, the calculation, taking the first of the above alternatives, would be:

$7.75\% + 6.25\% - \text{Libor}$

If Libor fixes below 6.25%, the coupon continues to rise, or snowball.

The key risk to a snowball is that the specified Libor rate goes against the interest view of the lender. If this scenario continues through many call periods, the rate may snowball in reverse, or melt away. There would be an opportunity to reschedule the loan, but this would probably be at a punitive rate if rates were expected to go with the borrowers. As with range trade accruals, the risk of rates going above Libor on a small part of the portfolio (and therefore reduced payment on a snowball), will be offset by the fact that the rest of the portfolio will be returning more than expected.

As with all callable loans, there is reinvestment risk as stated above.

TMP 1 RISK MANAGEMENT

SCHEDULE N

1.13 List of currently approved counterparties and date of formal approval (Updated 25-05-2016)

Bank or Building Society	Date Approved	Bank or Building Society	Date Approved
Bank of Scotland Plc	01/01/2007	Bank of Nova Scotia	20-04-2016
Barclays Bank Plc	01/01/2007	National Australia Bank	20-04-2016
HSBC Bank Plc	01/01/2007		
Lloyds Bank Plc	01/01/2007		
National Westminster Bank	01/01/2007		
Nationwide Building Society	01/01/2007		
Royal Bank of Scotland Plc	01/01/2007		
Santander UK	01/01/2007		
Australia & New Zealand Bank	17-07-2012		
Standard Chartered (Suspended)	13-09-2012	Sterling CNAV Money Market Funds	
Svenska Handelsbanken AB	13-09-2012	Goldman Sachs	26-06-2009
Nordea Bank AB	13-09-2012	Invesco Aim	29-06-2009
Close Brothers Limited	02-05-2013	RBS Global Treasury	07-07-2009
Deutsche Bank AG (Suspended)	22-08-2013	Prime Rate	31-07-2009
Rabobank	22-08-2013	JP Morgan	09-10-2009
Development Bank of Singapore	29-07-2104	Insight	09-11-2009
United Overseas Bank	29-07-2104	Ignis (Standard Life)	18-11-2009
Goldman Sachs Investment Bank	29-07-2104	Blackrock	01-07-2011
Oversea-Chinese Banking Corp	20-04-2015	Deutsche	01-07-2011
Pohjola Bank	15-06-2015	LGIM	23-02-2012
Commonwealth Bank of Australia	06-08-2015		
Toronto Dominion	04-11-2015	Other	
Landesbank Hessen-Thuringen Girozentrale (Helaba)	04-11-2015	DMO	05/02/2009
Bank of Montreal	29-01-2016	Other Local Authorities	01/01/2007

Certified by the Director of Finance & Performance (Section 151 Officer)

..... Date

And the Deputy Section 151 Officer

..... Date

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Cabinet

12th February 2018

Selworthy School, Taunton – Appointment of Contractor to Deliver the Proposed Secondary Phase (Hazelbrook Campus) Provision on the Former St Augustine of Canterbury School site

Cabinet Member(s): Cllr Frances Nicholson– Cabinet Member for Children and Families Division and Local Member(s) Cllr Giuseppe Fraschini

Lead Officer: Carol Bond, Project Manager, Operations Team, Commercial and Business Services

Author: Carol Bond, Project Manager

Contact Details: 01823 355962

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	20/10/17
	Monitoring Officer	Julian Gale	21/10/17
	Corporate Finance	Kevin Nacey	01/11/17
	Human Resources	Chris Squire	19/10/17
	Property / Procurement / ICT	Richard Williams	25/10/17
	Senior Manager	Claire Lovett Julian Wooster	01/11/17
	Local Member(s)	Cllr Giuseppe Fraschini	01/11/17
	Cabinet Member	Cllr Frances Nicholson	01/11/17
	Opposition Spokesperson	Cllr Jane Lock	01/11/17
	Relevant Scrutiny Chairman	Cllr Leigh Redman	01/11/17
Forward Plan Reference:	FP/17/09/17		
Summary:	<p>Following the merger and relocation of the (former) St Augustine of Canterbury School with Ladymead School to the new Taunton Academy, the St Augustine’s site and buildings have been vacant. The Capital investment Programme 2017 /18 approved the provision of a new specialist secondary provision (Hazelbrook Campus) on the former St Augustine’s site as an expansion of Selworthy School, Taunton in order to meet demand for additional school places for children with SEND.</p> <p>This paper seeks approval for Somerset County Council to appoint Willmott Dixon through the Scape Framework and to proceed with the delivery of the secondary provision for Selworthy School for September 2019 at a gross maximum expenditure approved as part of the Authority’s Capital Investment Programme 2017/18.</p>		

<p>Recommendations:</p>	<p>That the Cabinet:</p> <ol style="list-style-type: none"> 1. Approves the appointment of Willmott Dixon through the Scape Framework to proceed with the delivery of the secondary provision for Selworthy School, Taunton for September 2019 at a gross maximum project cost. 2. Approves the gross maximum project cost of £9 million. 3. Delegates authority to the Head of Corporate Property to finalise contract negotiations and to instruct the County Solicitor to execute all necessary contractual documents in order for SCC to enter into contract with the selected contractor.
<p>Reasons for Recommendations:</p>	<p>The Local Authority would be meeting its legal duty in terms of providing a sufficient number of school places for children in their local area.</p> <p>Children with complex SEND from Taunton and the surrounding area would be able to access education much closer to home. This would enable families to engage much more closely with the school and develop a sense of community.</p> <p>By being able to educate children closer to home, school transport costs would also be kept to a minimum.</p>
<p>Links to Priorities and Impact on Service Plans:</p>	<p>The recommendations link to this Headline Vision in the County Plan: “Our vision for Somerset is simple: More jobs; more homes; more powers from government; more local co-operation; better health; better education and prospects; better roads, rail, broadband and mobile signal.”</p> <p>The recommendations link to the following Target in the County Plan: “ We will aim to have better school results for all children across all key stages and in particular at GCSE and A-Level with a particular focus on disadvantaged children.”</p>
<p>Consultations and co-production undertaken:</p>	<p>Officers have already met with staff, governors and parents and will meet again with the same stakeholders in October.</p> <p>Officers will also be undertaking a statutory process to expand Selworthy on to a second site as it is a Prescribed Alteration. In this process stakeholders will be formally consulted on our proposal to expand the school (not the detail of the building) before a decision is taken in December 2017 to implement the proposal (to expand).</p> <p>This commission was also approved by the Learning Infrastructure Board on 14th August 2017.</p>
<p>Financial</p>	<p>The gross capital cost of providing the new building was approved</p>

<p>Implications:</p>	<p>as part of the Authority's Capital Investment Programme 2017/18.</p> <p>It is proposed to appoint Willmott Dixon through the Scape Framework to deliver the new secondary provision for Selworthy School. Scape provides a 40 week construction period, the output from this is an anticipated completion of July 2019. The proposed new 14 class school at Nerrols Farm is also being delivered by Willmott Dixon through the Scape Framework.</p> <p>The close proximity of these two sites (1.1 miles) and the concurrent timescale for completion of July 2019 presents the Authority with an ideal opportunity to review in detail the benefits and dis-benefits of bringing a number of schools together for delivery. It is proposed that all bidders for the support consultancy services (M&E, acoustics) and trades packages (piling, steelwork, ground works, etc.) are requested to submit tenders for the two projects individually and combined. It is further proposed that the palette of materials for each project are the same (wherever feasible and that any other areas of potential savings are identified.</p> <p>The Corporate Property Operations Team will be monitoring this closely with the intention of providing a detailed report in August 2019, which will include an executive summary; benefits; dis-benefits; financial implications; other factors for consideration and lessons learnt.</p>
<p>Legal Implications:</p>	<p>Somerset County Council (SCC), as the local education authority, has a statutory duty under the Education Act 1996 to provide sufficient school places. The construction of a secondary provision for Selworthy School would ensure SCC meets its statutory obligations.</p> <p>The gross capital cost of providing the new accommodation was included as part of SCC's Capital Investment Programme 2017/18 and approved by full council on 30 November 2016.</p> <p>As a public body, Somerset County Council is required to comply with its contract standing orders and contract procedure rules with regard to the letting and award of contracts for carrying out works. In this regard paragraph 17 of SCC's contract procedure rules permits SCC to make use of established frameworks to award a contract.</p> <p>The expected value of the contract will exceed the threshold which would require the contract to be let in accordance with the Public Contract Regulations 2015 (PCR). Making use of a framework would satisfy this requirement provided that the framework was itself procured in accordance with the Public Contract Regulations.</p> <p>SCC proposes to access the national construction framework established by Scape Group (Scape) to appoint a contractor to deliver the secondary provision for Selworthy School. Scape is a</p>

	<p>local authority owned and controlled company which offers a suite of fully managed frameworks that are available to any public body in the United Kingdom.</p> <p>The national construction framework for England is a single supplier framework with Willmott Dixon being the chosen contractor. SCC therefore intends to make a direct award of the contract to Willmott Dixon and ensure SCC is compliant with its contract standing orders and contract procedure rules and the Public Contract Regulations.</p>						
HR Implications:	None						
Risk Implications:	<p>The risk of the LA not meeting its statutory duty of providing sufficient school places is very high if this school is not built and ready to open by September 2019</p> <table border="1" data-bbox="513 741 1489 779"> <tr> <td>Likelihood</td> <td>5</td> <td>Impact</td> <td>5</td> <td>Risk Score</td> <td>25</td> </tr> </table>	Likelihood	5	Impact	5	Risk Score	25
Likelihood	5	Impact	5	Risk Score	25		
Other Implications (including due regard implications):	<p><u>Equalities Implications</u></p> <p>The proposed new build will be fully accessible for disabled users with the proper facilities and provisions in place to cater for them, pursuant to statutory obligations set out in Equality legislation and that brought together under the umbrella provisions of the Equality Act 2010.</p> <p><u>Community Safety Implications</u></p> <p>Improved access to education will have a positive impact on community safety. Improved access to quality educational facilities could serve to reduce the likelihood of low level anti-social behaviour and improve children’s chances to thrive long term.</p> <p><u>Sustainability Implications</u></p> <p>Children with complex SEND from Taunton and the surrounding area would be able to access education much closer to home. This would enable families to engage much more closely with the school and develop a sense of community. By being able to educate children closer to home, school transport costs would also be kept to a minimum.</p> <p>.</p> <p>The new school building will achieve the equivalent BREEAM Very Good.</p> <p><u>Health and Safety Implications</u></p> <p>Risks involved in the proposed building works will be managed by the appointed contractor through their construction Health and Safety Plan required for all such projects.</p>						

	<p><u>Privacy Implications</u></p> <p>Schools are separate Public Authorities and Data Controllers, as defined by the Act, and consequently will be responsible for their own data protection.</p> <p><u>Health and Wellbeing Implications</u></p> <p>This new provision is being built to meet demand in Taunton and the surrounding area. By being able to educate children closer to home this would enable families to engage more closely with the school and develop a sense of community. It would also reduce the travel times and distance for the children.</p>
<p>Scrutiny comments / recommendation (if any):</p>	<p>Not applicable.</p>

1. Background

- 1.1. Commissioners are seeking to increase the number of places at Selworthy School to meet demand for places from local children with complex SEND. The current Selworthy School site is unable to expand to meet this additional demand.
- 1.2. The former St Augustine of Canterbury site and buildings have been vacant since December 2013 following the merger and relocation of the school with Ladymead School to the new Taunton Academy.
- 1.3. Selworthy School, in close working partnership with Somerset County Council, appointed Futures for Somerset to undertake a strategic scoping and master planning exercise in relation to the development of a new specialist Free School, on the former St Augustine's School site, in light of the significant and urgent need for specialist SEN school places within the Taunton area. The EFA bid was, unfortunately, unsuccessful.
- 1.4. A bid to develop specialist secondary school provision, on the former St Augustine's School site, was subsequently submitted and approved as part of Somerset County Council's Capital Investment Programme 2017/18.
- 1.5. The former St Augustine's School building is in the process of being demolished and the site cleared in readiness for the proposed new build. The new Hazelbrook Campus will cater for 80 -100 children with the most complex needs, including children with significant mobility needs which require the use of hoists and tracking. It is proposed that all the teaching and learning space will be located on ground floor, with scope for admin / staff facilities on the first floor. The new build will also include spaces where the children can receive physical therapy and sensory stimulation. The project will also provide outdoor spaces to enable the children to participate in a range of physical activities, while being secure.
- 1.6. This paper seeks approval to appoint Willmott Dixon through the Scape Framework and to proceed with the delivery of the proposed secondary provision for Selworthy School at a gross maximum project cost, inclusive of loose furniture and ICT, of £9 million.

- 1.7. The gross capital cost of providing the new building was approved as part of the Authority's Capital Investment Programme 2017/18.
- 1.8. A non key decision paper to appoint Willmott Dixon to undertake the advance pre construction design works up to the end of RIBA Stage 3, to ensure that the project deadlines can be met, was approved by the Commercial and Business Services Director on 4th December 2017.

2. Options considered and reasons for rejecting them

- 2.1. The Scape Framework is the proposed route for delivering the proposed new secondary provision as it provides a 40 week construction period; the output from which is an anticipated project completion of July 2019. The Southern Construction Framework does not provide a fixed construction period; timescales vary from between 40 – 50 weeks and this will not be known until a contractor is appointed.

3. Background Papers

- 3.1. Scape Access Agreement

Decision Report – Key decision

Proposed decision date – 7th February 2018

Admission Arrangements for Voluntary Controlled and Community Schools for 2019/20

Cabinet Member(s): Cllr F Nicholson – Cabinet Member for Children & Families

Division and Local Member(s): All

Lead Officer: Dave Farrow, Head of Outcomes and Sufficiency

Author: Jane Seaman, Access & Admissions Manager

Contact Details: Tel: 01823 (355615)

	Seen by:	Name	Date
Report Sign off	County Solicitor	Honor Clarke	16.01.18
	Monitoring Officer	Julian Gale	15.01.18
	Corporate Finance	Kevin Nacey	22.01.18
	Human Resources	N/A	
	Property / Procurement / ICT	Richard Williams	22.01.18
	Senior Manager	Julian Wooster	22.01.18
	Local Member(s)	All members	
	Opposition Spokesperson	Cllr J Lock – Opposition Group Spokesperson - Children & Families	08.01.18
	Relevant Scrutiny Chairman	Cllr Leigh Redman for Scrutiny Children & Families	08.01.18
Cabinet Member	Cllr F Nicholson – Cabinet Member for Children & Families	22.01.18	
Forward Plan Reference:	FP/17/11/02		
Summary:	This report seeks authority for Cabinet to determine the Local Authority admission arrangements for all Voluntary Controlled and Community schools for 2019/20 as required by the School Admissions Code and associated legislation.		
Recommendations:	That the Cabinet agrees the determination of the Admission Arrangements for all Voluntary Controlled and Community Schools for 2019/20 as set out in this report.		
Reasons for Recommendations:	It is a requirement of the School Admissions Code that all Admission Authorities determine their admission arrangements for 2019/20 by 28 February 2018.		

Links to Priorities and Impact on Service Plans:	<p>Links to the County Plan</p> <ul style="list-style-type: none"> • Continue to protect and care for the most vulnerable children, adults and families in the community and support their carers. • Improve the prospects of children and young people most at risk of being disadvantaged.
Consultations undertaken:	<p>The proposed changes have been considered in light of the School Admissions Code December 2014. The School Admissions Code is national statutory guidance issued by the Department for Education which all admission authorities must adhere to. A statutory minimum 6 week consultation was undertaken between 15 December 2017 and 31 January 2018.</p>
Financial Implications:	<p>There are no financial implications. The admission arrangements meet the requirements of the School Admissions Code and the Schools Standard and Framework Act 1998.</p>
Legal Implications:	<p>The admission arrangements meet the requirements of the School Admissions Code and the Schools Standard and Framework Act 1998.</p>
HR Implications:	<p>There are no HR implications. The admission arrangements meet the requirements of the School Admissions Code and the Schools Standard and Framework Act 1998.</p>
Risk Implications:	<p>There is minimal risk to the Local Authority as the admission arrangements proposed are compliant with the School Admissions Code.</p>
Other Implications (including due regard implications):	<p>The impact of the proposed changes to the admission arrangements for Voluntary Controlled and Community schools are minimal and ensure the Local Authority as the Admissions Authority is compliant with the School Admissions Code 2014.</p>
Scrutiny comments / recommendation (if any):	<p>Not applicable.</p>

1. Background

- 1.1. The School Admissions Code 2014 requires all admission authorities to determine their 2019/20 admission arrangements by 28 February 2018. Where changes are proposed to admission arrangements, the admission authority must first publicly consult on those arrangements for a minimum of 6 weeks between 1 October and 31 January the year before those arrangements are due to apply. Once all arrangements have been determined, arrangements can be objected to and referred to the Schools Adjudicator by 15 May. Any decision taken by the adjudicator must be acted upon by the admission authority.

2. Proposed Amendments

Removal of the word 'older' from the over-subscription criteria

- 2.1** The admission arrangements for Somerset Voluntary Controlled and Community schools are fit for purpose, are clear and transparent and support the principle of local schools for local children. Therefore, there is just one minor change proposed to the over-subscription criteria. This is to remove the word 'older' from the criterion that prioritises children with an **older** sibling at the school so that all children with a sibling at the school are prioritised in this criterion. This ensures that in year admissions for children who have a younger sibling at the school can be considered under the sibling criteria and are not disadvantaged.

There is a further proposed change to the way in which separate applications for different schools submitted by parent / carers for the same child are dealt with. When shared care arrangements are in place and two applications are made Somerset LA has previously asked parent/carers to withdraw one of the applications. However, if neither application is withdrawn both are processed, two school place offers are made and when the child attends school the alternative school place is withdrawn.

Two separate applications for one child

The proposed change is that where shared care arrangements are in place and parents/ carers of the child submit two separate applications for different schools, the LA will only accept one application. In making a decision about which application should proceed the LA will consider where the child lives for the majority of the week. The LA will ask parents to write to the LA stating the number of days each week the child spends with them. The LA may also ask for evidence of which parent/carer was in receipt of child benefit at the point of application. If the parent/carer is not in receipt of child benefit, the LA will ask for proof of the child's home address as held by the doctor's surgery at the point of application. If the child's home address cannot be verified the LA reserve the right to request further documentary evidence to support any claim of permanent home address.

Where there are exceptional grounds such as on-going court proceedings for example, these applications will be considered on a case by case basis.

For the 2014/15, 2015/16 and 2016/17 intakes one child was disadvantaged each year by being refused a school place because another child was holding the place which subsequently was not taken up. The School Admissions Code states that only one offer of a school place can be made. Offering two school places also impacts on school place planning and causes further difficulties in areas where there is a shortage of school places. Further to this it makes it more difficult for schools to plan accurately and can cause them to lose funding for that place if it has not been filled by the October census date.

Waiting lists

Somerset LA have been keeping waiting lists for every year group since September 2017 and the waiting list section has been updated accordingly to reflect this change.

The consultation ends on 31 January 2018 and to date no responses have been received

3. Background Papers

School Admissions Code 2014

https://www.gov.uk/government/School_Admissions_Code_2014_-_19_Dec.pdf

Local Authority 2019/20 Primary Admission Arrangements

<http://www.somerset.gov.uk/EasySiteWeb/GatewayLink.aspx?allId=127756>

Local Authority 2019/20 Primary Co-ordinated Scheme

<http://www.somerset.gov.uk/EasySiteWeb/GatewayLink.aspx?allId=127758>

Local Authority 2019/20 Secondary Admission Arrangements

<http://www.somerset.gov.uk/EasySiteWeb/GatewayLink.aspx?allId=1277>

Local Authority 2019/20 Secondary Co-ordinated Scheme

<http://www.somerset.gov.uk/EasySiteWeb/GatewayLink.aspx?allId=127760>

Sixth Form Policy 2019/20

<http://www.somerset.gov.uk/EasySiteWeb/GatewayLink.aspx?allId=127763>

2019/20 Published Admission Numbers for VC and Community schools

<http://www.somerset.gov.uk/EasySiteWeb/GatewayLink.aspx?allId=127762>

Somerset County Council

Cabinet

– 12 February 2018

Capital Investment Programme 2017/18 – Quarter 3

Cabinet Member(s): David Hall – Cabinet Member, Resources and Economic Development

Division and Local Member(s): All

Lead Officer: Lizzie Watkin – Service Manager, Chief Accountant

Author: Ian Trunks – Finance Manager, Capital

Contact Details: KBNacey@somerset.gov.uk Tel: 01823 355213

	Seen by:	Name	Date
Report Sign off	County Solicitor	Honor Clarke	22/1/18
	Monitoring Officer	Julian Gale	22/1/18
	Corporate Finance	Lizzie Watkin	22/1/18
	Human Resources	Chris Squire	22/1/18
	Senior Manager	Kevin Nacey	22/1/18
	Cabinet Member	David Hall	22/1/18
	Opposition Spokesperson	Simon Coles	
	Relevant Scrutiny Chairman	Tony Lock	
	Forward Plan Reference:	FP/17/08/08	
Summary:	This report outlines the Council’s Capital Investment Programme position for the second quarter of the 2017/18 financial year.		
Recommendations:	<p>The Cabinet is requested to approve a virement of £0.600m from the Core Council Programme to ICT as per section 2.3.3 of this report.</p> <p>The Cabinet is recommended to note the contents of this report.</p>		
Reasons for Recommendations:	To inform members of the financial position for the Capital Investment Programme relating to the financial year 2017/18.		
Links to Priorities and Impact on Service Plans:	The Capital Investment Programme is the means by which the Council provides the assets and infrastructure required to deliver the County Plan.		
Consultations undertaken:	Information and explanations have been sought from service managers on individual aspects of this report and their comments included as appropriate.		

Financial Implications:	The financial implications are dealt with in detail in the body of the report and are in line with expectations.
Legal Implications:	There are no specific Legal implications arising directly from the report.
HR Implications:	There are no specific HR implications arising directly from the report.
Risk Implications:	Overall the performance in relation to the Capital Investment Programme remains good and services are managing to maintain control over expenditure within the resources available.
Other Implications (including due regard implications):	Equalities Impact Assessments for projects in the existing programmes were undertaken during the budget setting process and are updated as projects are implemented as necessary.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

- 1.1. This report provides a corporate overview of the financial aspects of the Capital Investment Programme (CIP) for the 2017/18 financial year. It highlights movements in the programme since the end of September contained in the second quarter report to Cabinet on 15 November 2017.

2. Options considered and reasons for rejecting them

2.1. Active Approvals 2017/18

- 2.1.1. CIP active approvals at the end of September 2017 stood at £597.990m. There have been a number of movements between the end of September and the end of November amounting to a net increase in approvals of £2.205m. The majority of this increase is due to additional external funding and the details of the movements can be found in Appendix A.
- 2.1.2. The resulting programme contains approvals of £600.195m; details at service level are contained in Appendix A. Of this sum £365.217m was spent in prior years leaving £234.978m available to complete the package of projects within the CIP.

2.2. Forecast Expenditure

- 2.2.1. At the end of November 2017 services were forecasting future expenditure of £236.328m over the current and subsequent four financial years. Details of the projected spend are included in Appendix B.
- 2.2.2. Services have continued to work at providing estimates of actual spending that

are as realistic as possible in order to create a measure of the changes during the financial year. Forecasting capital expenditure levels is particularly difficult due to the reliance on contractor activity, the weather and capacity within the Council's providers to design and support the programme. The actual programme is also only fully developed later in the financial year as individual projects are finalised and specifically programmed from the generic programmes, and only at this later stage can a more realistic estimate of the timing of expenditure be made.

- 2.2.3. The forecast expenditure for the end of September 2017 shows that there has been a decrease in the 2017/18 forecast of £3.094m from £121.245m to £117.187m. Appendix C summarises the movements at service level and provides further detail for the projects that have contributed movements of +/- £0.050m to this change. The detailed information excludes movements that are as a consequence of the changes in approvals outlined in Appendix A.

2.3. Forecasting Net Over or Under Spends

- 2.3.1. The net over/under spending is calculated using the actual expenditure to date on a project added to the predicted expenditure in future years, the total of these is compared to the recorded approvals. The over or under spend is the difference. Details at service level are included in Appendix D. Current forecasts are that £601.547m will be required to complete the programme. Of this £236.330m will be required in the current and future financial years after taking into account the £365.217m incurred prior to 31 March 2017. This is £1.352m more than the approval currently available (£600.195m).

This is made up of a number of schemes as detailed in Appendix D. Where spend exceeds the approvals currently available additional funding may be call upon from Capital Receipts to fund at year end.

- 2.3.3. A virement is requested to the value of £0.600m from the Core Council Programme to ICT. The purpose of this capital approval is to deliver technology infrastructure changes to enable new ways of working through the Core Council Programme. In-line with that intention, as part of the Technology and People Programme, technology infrastructure expenditure will be incurred within ICT budgets. It is therefore suggested that this approval of £0.600m is realigned to ICT.

2.4 Other Matters

Capital Receipts

- 2.4.1. Sales of assets at the end of November 2017 amounted to £4.230m of general property sales. Current estimates are that up to £8.000m might be realised from property sales by the end of the financial year. This is the same as forecasted during quarter 2. Realising this sum will however depend on circumstances outside the direct control of the County Council including the wider economic outlook and third parties. It could also be compromised if any of the properties are subject of a Community Asset Transfer application.

3. Consultations undertaken

- 3.1. Information and explanations have been sought from services on individual aspects of this report and their comments are included as appropriate.

4. Financial, Legal, HR and Risk Implications

4.1. Risk Implications

4.1.1. Additional School Places

The requirement to build new schools in Somerset to meet the growing basic need for school places is the key driver of the capital investment programme. We are bidding for funding to the DfE and through the Housing Infrastructure Fund to provide resource for the capital programme. If we are unsuccessful, we will have to find a source of funding to meet this need.

4.1.2. Capital Receipts

Increasingly limited capital resources continues to place further demands on the Council to rationalise its use of assets and develop shared facilities with other public and third sector organisations.

The objective is to maximise asset utilisation and release surplus assets to fund transformation initiatives. This will have the benefit of easing pressure within the revenue budgets.

4.1.3. Capital Fund

The Capital Fund is formed from Revenue sources of income and has been set aside as a contingency in case the need arises. The benefit of doing this allows the revenue funding to be redirected back to the revenue budget to assist with mitigating pressures seen within services.

4.1.4. Mid-Year Pressures

Capital investment and planning decisions are predominantly taken during the MTFP process in setting the annual budget. During this process a view is taken on the level of available resources which allows a minimal reserve to be held for unforeseen in year requirements

If significant in year requirements are identified and the funding cannot be met from existing resources the Council will need to identify alternative sources of funding which could include external borrowing or revise and reduce the core investment plan. If external borrowing is to be used then it must be noted that there will be an additional charge to the revenue budget.

4.1.5. Budgetary Control

This report indicates that overall the budgetary control of the capital investment programme remains good. There remains a risk that this may be subject to some weakness as capacity is reduced and staff responsibilities change due to the rate of corporate change and switches between funding streams takes place frequently.

5. Other Implications

- 5.1. Issues such as access, equality and diversity, human rights, community safety,

health & well-being, sustainability, information request/data protection issues, organisational learning, partnership and procurement would normally be considered and managed at service, operational and project level.

6. Background papers

6.1. 2017/18 CIP Quarterly Monitoring Reports to Cabinet

Note: For sight of individual background papers please contact the report author.

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Capital Investment Programme Approvals

Col 1	Col 2	Col 3	Col 4		Col 5		Col 6	Col 7
Row No.	Service Area	Approvals as at end of Sept 2017	New Schemes Oct to end Nov	Approval Amendments				Approvals as at end Nov 2017
				N O T E S	Alterations to Existing Schemes	N O T E S	Technical Changes	
1	Schools - Primary and Secondary Sector	135.815			+2.005	1	+0.040	137.860
2	Local Enterprise Partnership	125.031					-1.205	123.826
3	Economic Development	107.861					+0.303	108.164
4	Highways and Traffic Management	89.271						89.271
5	Highways Engineering Projects	61.173					+0.902	62.075
6	Support Services	34.536			+0.200	2		34.736
7	Schools - SEN and Access	14.194						14.194
8	Early Years and Community Services	9.576					-0.040	9.536
9	Flood And Water	6.616						6.616
10	Adult Social Care and Learning Disabilities	6.106						6.106
11	Other Services	7.811						7.811
12	TOTAL	597.990		0	+2.205	0	-0.000	600.195

Notes:

1. Schools – Primary and Secondary Sectors (+£2.005m)
This sum comprises of the following:
 - +£1.068m S106 Contribution for Wyndham and Primrose Hill, Yeovil;
 - +£0.820m S106 Contribution to Wincanton Primary School;
 - +£0.080 S106 Contribution to Huish Primary, Yeovil;
 - +£0.037m S106 Contribution for Beckington.

2. Support Services (+£0.200m)

Capital Receipts approval for County Farms Compensation Claims.

Members should note that within the Technical changes column (col 5) there were virements totalling £1.205m processed between Economic Development and Engineering Projects. These all relate to LEP funding for specific projects. These virements, among other smaller virements ensure we utilise all available current approvals and therefore not impact on the overall corporate cost of the Capital Improvement Programme.

Appendix B

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Forecast Expenditure for 2017/18 and Future Years

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	<i>Col 6</i>	<i>Col 7</i>
Service Area	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m	Total
Schools - Primary and Secondary Sector	25.894	16.867	6.357	0.012		49.130
Local Enterprise Partnership	29.395	44.705	3.428			77.528
Economic Development	12.752	20.394	9.080	0.051		42.277
Highways and Traffic Management	28.828	2.164	0.902			31.894
Highways Engineering Projects	4.337	8.311				12.648
Support Services	8.239	2.354				10.593
Schools - SEN and Access	0.916	0.770	0.061			1.747
Early Years and Community Services	2.705	2.350	0.154			5.209
Flood And Water	0.001					0.001
Adult Social Care and Learning Disabilities	1.391	0.375	0.050	0.050	0.046	1.912
Other Services	2.731	0.434	0.226			3.391
TOTAL	117.187	98.724	20.258	0.113	0.046	236.328
Financing						
Loans Pool Funded	12.934	6.334	3.246	0.012		22.526
Internal Funds	0.140					0.140
Capital Receipts	3.064	3.224	1.569			7.857
Revenue	0.098					0.098
Third Party Contributions	9.399	8.770	5.574	0.050	0.046	23.839
Grants	91.552	80.396	9.869	0.051		181.868
Leasing						
TOTAL	117.187	98.724	20.258	0.113	0.046	236.328

Appendix C

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Movements in Forecast Expenditure during Quarter 3

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	<i>Col 6</i>
Service Area	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
Forecast Expenditure Movements					
TOTAL as at End Sept	121.245	82.975	22.790	0.918	5.457
Schools - Primary and Secondary Sector	+1.022	+0.612	+0.405	+0.001	
Local Enterprise Partnership	-4.884	+12.679	-2.785	-0.806	-5.411
Economic Development	+0.303				
Highways and Traffic Management	-1.280	+1.496			
Highways Engineering Projects	+0.032	+0.956			
Support Services	+1.225	-0.619			
Schools - SEN and Access	+0.082	+0.060	-0.142		
Early Years and Community Services	-0.269	+0.257	-0.029		
Flood And Water					
Adult Social Care and Learning Disabilities	-0.226	+0.226			
Other Services	-0.063	+0.082	+0.019		
TOTAL as at End November	117.187	98.724	20.258	0.113	0.046
Financing Movements					
	0	0	0	0	0
TOTAL as at end Sept	121.245	82.975	22.790	0.918	5.457
Loans Pool Funded	+1.153	-0.253	+0.172		
Internal Funds					
Capital Receipts	-0.068	+0.222			
Revenue					
Third Party Contributions	+0.872	+0.537			
Grants	-6.015	+15.243	-2.704	-0.805	-5.411
Leasing					
TOTAL as at End November	117.187	98.724	20.258	0.113	0.046

Appendix C continued.

Notes:

The following notes relate to movements of over £0.050m between years on individual schemes. This appendix excludes movements that result from the changes in the levels of approvals described in Appendix A. The balance of the change between the figures in the tables above and below will comprise one or more schemes having movements below the £0.050m threshold and any movements following the changes in approvals in Appendix A.

Schools – Access Initiative

N O T E S	Project	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
1	Schools Access Initiative	+0.062	-0.060	-0.002		

- Schools Access Initiative** – Relates to two projects being brought forward into this financial year. Alteration project at St James Academy in Taunton and design fees on an extension project at Yeovil Preston Secondary Academy which has been brought forward in order to meet the needs of pupil due to attend in September 2018.

Schools – Early Years

N O T E S	Project	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
1	Early Years	-0.275	+0.275			

- Early Years** – This relates to grant payments for two separate third party Early Years providers whose projects have experienced delays meaning the release of associated grant funding has now slipped into 2018/19.

Schools – Primary & Secondary

N O T E S	Project	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
1	General Provisions	+0.093	-0.093			
2	Schools Basic Need	-0.728	+0.570	+0.152		
3	Schools Capital	-0.053	+0.116	-0.063		

1. **General Provisions** – Increase in forecast against DFCG funding following further analysis of the current year spend.
2. **Schools Basic Need** – Forecast relates to four schemes. Holway Park Autism unit which had a delayed planning submission; The allowance of design fees for Nerrols Primary School which is likely to fall into 2018/19; A scheme at Wellington Courtfields School which has been delayed following a cost review exercise and negotiations with the contractor; and a possible saving in relation to the new Northgate Primary School in Bridgwater.
3. **Schools Capital** – This relates to a mixture of accelerated and delayed spend across 94 separate smaller schemes within the 2017/18 Schools Condition Programme, the net result being an overall slippage of £53k. A number of schemes have experienced delays to issues arising from the change in procurement to Pro Contract and the limited number of Contractors available this year on the SLoAC Framework. There are also an unusually high number of Schools undertaking their own self-funded projects during the summer holiday period, which resulted in the SSE managed schemes having to be rescheduled into next year.

Adult Social Care & Learning Disabilities

NOTES	Project	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
1	Learning Disabilities	-0.118	+0.118			
2	Transforming Adult Social Care	-0.064	+0.064			

1. **Learning Disabilities** – Revised scope of works for property reconfiguration at Newholme, Ruishton to enable conversion from Residential registration to Supported Living.
2. **Transforming Adult Social Care** – No spend is expected in this financial year.

Support Services

NOTES	Project	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
1	County Farms Holdings	+0.075	-0.075			
2	ICT and Innovation	+1.034				
3	Change Programme	-0.060	-0.540			

1. **County Farms** – Previous slippage into 2018/19 is no longer expected.
2. **ICT and Innovation** – Various overspends across a range of areas (Hardware Refresh, Technology Transformation, Licences and Asset Related Projects).
3. **Change Programme** – Forecast reflects the requested virement of £0.6m from Core Council Programme to ICT.

Highways Engineering Projects

NOTES	Project	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
1	A38 Huntworth	+0.091				
2	Colley Lane	-0.913	+0.913			

1. **A38 Huntworth** – Works to complete Gateway Signalisation required. These are expected to be completed this year.
2. **Colley Lane** – Works not expected to start until March leading to some slippage in the forecast.

Highways & Traffic Management

NOTES	Project	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
1	Bridge Structures	-0.100	+0.100			
2	Seaward Way	-1.012	+1.012			
3	Traffic Signals	-0.140	+0.140			
4	Yeovil Eastern Corridor	+0.010	+0.180			

1. **Bridge Structures** – Slippage in a particular scheme as the tender has only just been received.
2. **Seaward Way** – Delay in the West Somerset Railway's works programme has led to the change in forecast as the majority of the work can only be completed when the railway is not in operation.
3. **Traffic Signals** – Slippage in the Rowbarton Signal refurbishment project. Now expected to be completed in 2018/19.
4. **Yeovil Eastern Corridor** – Further scheme identification of works is required resulting in further slippage into 2018/19.

Other Services

N O T E S	Project	Current Year £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 onwards £m
1	Fleet	-0.148	+0.148			
2	Rights of Way	+0.085	-0.085			

1. **Fleet** – Delay in the Park & Ride Real Time Information project.
2. **Rights Of Way Network** – Previously reported slippage into 2018/19 now appears unlikely. It is expected that all costs will be met in this financial year.

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Net projected over/under spend as at 30 November 2017

Col 1	Col 2	Col 3	Col 4	Col 5	
Service Area	Approvals Position as at end November 2017 £m App A Col 7	Predicted Over Spend £m	Predicted Under Spend £m	+Over/- Under spend as % of Approval Col 3 or 4/Col 2	NOTES
Schools - Primary and Secondary Sector	137.860		-0.006	-0.00%	1
Local Enterprise Partnership	123.826				
Economic Development	108.164				
Highways and Traffic Management	89.271		-0.007	-0.01%	2
Highways Engineering Projects	62.075	+0.023		0.04%	3
Support Services	34.736	+1.356		3.90%	4
Schools - SEN and Access	14.194				
Early Years and Community Services	9.536				
Flood And Water	6.616				
Adult Social Care and Learning Disabilities	6.106				
Other Services	7.811		-0.014	-0.18%	5
TOTAL	600.195	+1.379	-0.027	0.23%	

Notes – Summarised below are details of the key items contributing towards the £1.352m forecasted overspend reported in the above table.

1. This sum comprises of the following:
 - £0.006m under spend of Contributions for New Bridgwater Primary School.
2. This sum comprises of the following:
 - £0.076m under spend of Contributions for Bridgwater Hospital;
 - £0.005m under spend of Contributions for Godminster Lane, Bruton;
 - £0.004m under spend of Contributions for Wheddon Cross;

- £0.002m under spend of Contributions for Ilchester to Yeovilton Cycleway;
 - £0.003m over spend of Contributions for Porlock Link Road;
 - £0.005m over spend of Grant for Bridge Structures;
 - £0.030m over spend of Grant for Traffic Management County Wide;
 - £0.042m over spend of Grant for LSTF Bridgwater.
3. This sum comprises of the following:
- £0.120m under spend of Contributions for Wyndham Bus Gate;
 - £0.027m under spend of Contributions for Market Street, Highbridge;
 - £0.010m over spend of Contributions for Cannington Traffic Calming;
 - £0.160m over spend of Grant for A38 Huntworth.
4. This sum comprises of the following:
- £0.600m under spend of Contributions for the Change Programme;
 - £0.087m under spend of Capital Receipts for SMART Office;
 - £0.039m under spend of Capital Receipts for CASA/ OPE;
 - £0.032m under spend of Capital Receipts for Northgate;
 - £0.011m under spend of Contributions for Data Room Replacement;
 - £0.005m over spend of Contributions for CASA/ OPE;
 - £0.028m over spend of Capital Receipts for Frome Shared Services;
 - £2.093m over spend of Loans for Corporate ICT Investment.
5. This sum comprises of the following:
- £0.014m under spend of Grant for Libraries Management System.

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2017/18 Revenue Budget Monitoring Quarter 3

Cabinet Member(s): Cllr David Hall – Cabinet Member for Finance and Economic Development
 Division and Local Member(s): All
 Lead Officer: Lizzie Watkin – Service Manager – Chief Accountant
 Author: Lizzie Watkin – Service Manager – Chief Accountant
 Contact Details: kbnacey@somerset.gov.uk Tel: 01823 355213

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	22/1/18
	Monitoring Officer	Julian Gale	22/1/18
	Corporate Finance	Lizzie Watkin	22/1/18
	Human Resources	Chris Squire	22/1/18
	Senior Manager	Kevin Nacey	22/1/18
	Cabinet Member	David Hall	22/1/18
	Opposition Spokesperson	Simon Coles	
	Relevant Scrutiny Chairman	Tony Lock	
Forward Plan Reference:	FP/17/08/08		
Summary:	The purpose of this report is to update members on the current Revenue Budget forecast outturn position for the 2017/18 financial year based on the end of November (Month 8).		
Recommendations:	<p>Cabinet is recommended to:-</p> <ol style="list-style-type: none"> 1. Note the contents of this report and specifically the Forecast Outturn Position for the year (section 3-9), the current Aged Debt Analysis (Section 10) and the projected delivery of the MTFP savings (Section 11). 2. Approve the drawdown from earmarked reserves as specified in sections 4 and 7 and Appendix A. 3. Approve £0.093m transfer from earmarked contingency for the Local Assistance Scheme (Section 4.3). 4. Approve the transfer of £5.888m from contingency to support the additional spend in Children’s Services (Section 8.1). 5. Approve the use of the flexibilities on capital receipts to fund £1.068m of transformational costs in Learning Disabilities and the planned overspend element of the Core Council programme of £1.173m (Section 7). 6. Approve the transfer of £1.000m from the revenue backed Capital Fund and £0.958m from other earmarked reserves to support the in-year position. 		

Reasons for Recommendations:	As above.
Links to Priorities and Impact on Service Plans:	The report indicates how the Council's resources are forecast to be used to support the delivery of budgetary decisions. The Medium Term Financial Plan (MTFP) sets the funding for the County Plan and the use of those funds is then monitored throughout the year to ensure delivery of Council objectives and actions.
Consultations and co-production undertaken:	Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the report.
Financial Implications:	A deficit on the Revenue Budget will impact on the Council's General Balances. The Council's financial position is constantly reviewed. This report highlights significant concerns with regard to Children's service spending.
Legal Implications:	There are no implications arising directly from this paper.
HR Implications:	There are no implications arising directly from this paper.
Risk Implications:	<p>If the overspend were to be at the same level by year end, this would significantly reduce the Council's General Balances placing them well below the recommended range.</p> <p>The availability and use of reserves is critical in being able to manage spikes in demand and costs incurred. Our corporate risk register recognises this and we will put mitigating actions in place to reduce the level of overspends wherever possible.</p> <p>The increase in spend within Children's Services even since the beginning of the year is the most worrying aspect of this report.</p>
Other Implications (including due regard implications):	There are no other implications arising directly from this paper. However, as services take remedial action, including any formal decisions required to address the in-year overspend, then appropriate consideration will need to be given to the legal, HR and equalities issues, as necessary.
Scrutiny comments / recommendation (if any):	Not Applicable

1. Background

- 1.1. Throughout this financial year, the main area of overspend has been in budgets related to Children's services. The demands upon these services have not reduced since last year and have even increased since month 6. There is a concerted effort under way to improve demand management and simultaneously improve outcomes for vulnerable children. More detail of planned and on-going actions is included in section 3.

The additional funding from government for Adult Social Care alongside the management action and demand management approach adopted is keeping this budget under control.

- 1.2. SCC is therefore in a position where we continue to mitigate pressures across the whole Council, as well as in those core care services, to off-set the overspend. Services are being redesigned with affordability, service quality and service improvement all in mind but market factors and rising costs and service demand are making this transformation extremely difficult.

2. Summary Forecast 2017/18 – Revenue Budgets

- 2.1. The Authority's forecast shows a projected net overspend of £7.741m (see Appendix A) when compared to the Revenue Budget. This represents 2.48% of base budget. The majority of the overspend lies in the Children's Services budgets (section 3).
- 2.2. Most other areas of the Council are within reasonable tolerance although some corporate and support budgets are under pressure (as covered in section 7).
- 2.3. The implication of this forecast is that Cabinet and the Senior Leadership Team will need to continue to exercise more stringent control in all areas of council spend to ensure the final outturn position is much lower than this.
- 2.4. The predicted General Reserve position at the end of March 2018 and for 2018/19 is shown in the table below:

	Value £m
Balance brought forward 2017/18	10.441
In year Transfers	(0.301)
Collection Fund Surplus 2017/18	4.871
Current Balance	15.011
Estimated in year overspend to be written off	(7.741)
Balance at March 2018	7.270
Base Budget contribution 2018/19	2.000
Estimated Collection Fund Surplus 2018/19	2.000
Balance at 31 March 2019	11.270

3. Children's Services

3.1. Children and Families Operations: (+) £14.664m: movement (+) £1.588m

- 3.1.1. The biggest financial pressure facing Children's Services is on the placements budget. Appendix C includes a report by the Director of Children's Services on care placement sufficiency explaining how we are tackling this problem. The continued lack of sufficiency within the fostering market has resulted in an increase in the length of time children are in external residential placements. 16,000 days were projected for 2017/18 in the second quarter but this has increased to 18,200 and the average weekly cost of external residential placements is currently £4,208. In the same period the number of court ordered family assessments have increased with 8 being undertaken compared to 1 at the end of the second quarter increasing the cost in this area by £0.295m. This, together with a small increase in external fostering placements, has led to an increase in the projection for external placements of £1.746m, creating an overall pressure of £6.950m against a budget of £12.303m.
- 3.1.2. There has been continued dialogue with the Somerset Clinical Commissioning

Group and Somerset NHS Partnership Trust and an agreement is near completion regarding the partner contributions for children discussed at the multi-agency Complex Cases panel.

- 3.1.3. The success of the authority's recruitment campaign for permanent social workers and the training of Assessed and Supported Year in Employment staff have led to a further reduction of £0.196m in the pressures previously reported. The overall salary pressure now stands at £3.062m against a budget of £22.675m. Other general expenditure associated with the staffing budgets is showing a pressure of £0.311m, similar to the previous quarter.
- 3.1.4. The costs associated with the revised Foster Carer Progression scheme introduced last quarter is now incorporated into our overall projections which remain reasonably stable with an overall pressure of £0.585m, against a budget of £2.859m, an increase in the quarter of £0.090m.
- 3.1.5. The innovative use of the Assistance to Families budget to prevent children coming into care has added a further pressure of £0.218m, an increase of £0.043m on the second quarter. This work continues to prevent the potential longer term pressure in other areas of the budget.
- 3.1.6. Pressures around the accommodation support and welfare of Unaccompanied Asylum Seeking Children is £0.066m greater than the second quarter with a current pressure being projected of £0.351m. This is being addressed through a revised commissioning approach for 2018/19.
- 3.1.7. Transport costs, primarily associated with school and contact visits account for a further £0.151m pressure, a reduction of £0.063m on the last quarter.
- 3.1.8. Financial pressures of £1.625m attributed to positive outcomes for the permanence of children and young people, including increases in the number of Special Guardianship Orders, Adoption and Leaving Care allowances and accommodation is similar to that reported in the last quarter.
- 3.1.9. The number of families taking advantage of the Direct Payments scheme within the Disabilities service remains reasonably static with a pressure of £0.385m, a small decrease of £0.015m to that reported in the last quarter. Pressures within the Disabilities service around specific grants and targeted support adds a further £0.232m pressure, similar to that previously reported.
- 3.1.10. Specific activities associated with the Children and Young People's Plan, including focussed training and support following Ofsted and peer group recommendations have so far incurred costs of £0.350m and Business Support continues to project a £0.402m pressure, a decrease of £0.038m. A review of business support is continuing but will not yield savings in 2017/18.
- 3.1.11. Pressures in the legal and Public Law Outline budget of £0.089m remain similar to that reported in the last quarter.

An underspend of £0.030m relating to the pooled budget with the Police Probation Service and Youth Offending Team will need to be carried forward.

3.2. Children and Learning Central Commissioning: (+) £2.466m: movement (+) £0.174m

- 3.2.1. The on-going pressure across transport budgets is forecast at £2.451m, an increase of £0.551m against a budget of £9.563m.
- 3.2.2. Of this overspend, Home to School transport is showing a pressure of £1.564m against a budget of £6.111m. Inflation pressures are impacting on the service. These were offset via managed savings and reduced school calendar days within 2017/18, but much of the quarterly increase is due to emergency costs following contractor closure issues, driver turnover/shortages and increased pay rates following retendered contracts at the start of the Academic Year. Cross county issues, where contractual and wage variations between South Somerset and Dorset are also leading to increased driver turnover, plus employment opportunities and pay rates offered by Hinkley Point are impacting the budget as well. Removing occasional use transport and a pay seats policy change have been implemented, plus a service based on live occupancy levels is being piloted in the spring to address levels of spend.
- 3.2.3. The Special Educational Needs (SEN) transport pressure is forecast at £0.887m against a budget of £3.452m, due to the on-going issue of increased placements. The full year implication of additional routes following the opening of the new Mendip Free School, plus additional post 18 placements are also impacting on spend. Half day transport and dual placement transport in Pupil Referral Units have been removed to reduce costs, plus the personal travel payments pilot has saved over £0.100m to date and take up is increasing.
- 3.2.4. The managed saving within Early Help is now forecast at £0.667m, an increase of £0.144m. This is part of the planned underspend detailed within the Early Help business case. The original estimate was £0.205m, however there was an increase in carry forward (£0.082m) and grant (£0.161m) supporting the service. Further increases are due to vacancy savings and significant staff turnover (£0.242m), plus service cost reductions. The service will request this as a carry forward given known reductions in Troubled Families grant funding in 2018/19. A review is taking place in relation to proposals around the Family Support Service, plus wider pressures the council is under.
- 3.2.5. The planned invest to save costs relating to posts within Children's Commissioning to achieve cost avoidance is forecast to be £0.206m.
- 3.2.6. The Somerset Education Partnership Board (SEPB) programme is now forecast as a pressure of £0.617m, a decrease of £0.022m. This includes £0.187m in relation to Team Around the School posts, £0.269m for School Education Partners (SEPs) and bids for match funded Raising Achievement Plans (RAPs) for the Secondary phase that have been agreed at £0.136m. Other minor School Improvement pressures total £0.25m.
- 3.2.7. Commissioning decisions against the West Somerset Opportunities grant have yet to be confirmed and the service has estimated that it is unlikely to be fully spent within the Financial Year. The grant is a specific grant and so it will be requested that the unspent grant is carried forward to 2018/19.

3.3. Schools Budget

Children and Learning Central Commissioning: (+) £1.892m: movement (+) £0.000m

- 3.3.1. The Out of County Independent and Non-Maintained Special Schools budget is projecting a pressure of £2.484m against a budget of £10.238m, an increase of

£0.250m. This is due to continuing and extended high cost placements at higher than average costs. There have been 19 new placements made during the quarter, totalling £0.456m, partially offset by 5 leavers and amended placements totalling £0.206m.

- 3.3.2. Minor variations across all other High Needs funded areas total £0.156m, a decrease of £0.284m since quarter 2.
- 3.3.3. A planned increase in school contributions towards maternity costs to recover prior year pressures is now forecast at £0.409m, an increase of £0.023m.

The High Needs sub group is considering plans to recover the High Needs deficit.

3.4. Schools and Early Years Providers: (-) £12.000m: movement of (+) £7.528m from the b/fwd Schools Budget of £19.528m

The combined projected school outturn for 2017/18 based on spend as at month 6, including budget and income yet to be allocated to individual schools. This figure takes into account schools' use of reserves to balance the 2017/18 individual budget plan and the in-year conversions of academies.

4. Adult Services including Learning Disabilities

4.1. Adult Social Care Variation: (-) £3.347m underspend: movement (-) £2.031m

- 4.1.1. There continues to be an overall downward trend in the projected costs for Adults Social Care Operations and the reallocation of some Better Care Fund money has also reduced the variation since quarter two. The main changes since the previous report are:

- Residential/Nursing +£0.350m
- Care at Home -£0.510m
- Direct Payments - £0.132m
- Mental Health -£0.196m

4.1.2. Residential/Nursing

The number of Residential and OPMH Nursing placements have increased considerably since the quarter two report. This has led to the projected increase of £0.350m. There has been a net increase of 16 Residential placements and 16 OPMH Nursing placements. 27 of the new placements made in 2017/18 are over our published fee rate. A number of 'Capital drops' (Individuals who had funded their own care but subsequently reached a financial position requiring SCC support) contributed to both the increased numbers and above rate position. The service has worked with providers to reduce the majority of these costs to SCC rates. In addition the increased demand and pressure within the NHS has contributed to an increase in placements directly from hospital.

The full year effect of the continuing upward trend of residential placements will have a big effect on costs for 2018/19. These increases will need to be managed to avoid pressures in the new financial year.

4.1.3. Care at Home

In line with the strategy to target support to assist people to regain independence

and overall promoting independence there has been a reduction against these services of £0.510m from the quarter two estimate. This is as a result of reduced core home care delivery, increased income and a streamlined reablement service.

The projected cost of core care at home delivery has reduced by £0.085m in the past two months in line with our promoting independence emphasis. The service are actively reviewing the need for long term support, and this along with the increased use of the home first service is leading to shorter more outcome focussed interventions.

There has been an increase in the estimated income from extra care housing following the completion of a project by the finance and benefits team to ensure that all clients are paying the correct contribution towards their support.

Home First (our hospital discharge service) continues to pick up service delivery that was previously going through reablement. This has changed the way people receive a service following discharge from hospital, and provides an improved service in a more efficient way.

4.1.4. Direct Payments

The number of Direct Payments setup in the past two months has reduced again with 895 currently in place compared to 908 at quarter two. The variation is now showing an underspend of £0.581m which is a reduction of £0.132m from the last report. Year on year spend is projected to drop to £8.417m from £9.449m in 2016/17. This is due to a 10% reduction in the number of direct payments set up this year.

4.1.5. Mental Health

The overspend against Mental Health has decreased since quarter two and is now £0.425m.

A reduction in supported living costs is the main reason for this change with the ending of a block placement with one supplier and one high cost placement coming to an end earlier than anticipated. Partially offsetting these reductions is an increase in residential and nursing placements. The full year effect of these will cause a pressure for this budget during the new financial year.

4.1.6. Staffing

Due to the number of vacancies within the service during 2017/18 there is an underspend against the staffing budget of £0.723m which is contributing to the overall underspend reported above. This is not an on-going position and once recruitment exercises are complete the underspend will no longer be available.

4.2. Learning Disabilities: (+) £4.204m overspend: movement (+) £2.080m

4.2.1. The overspend is made up of £3.792m Learning Disabilities Purchased and £0.412m Discovery.

4.2.2. The main changes between quarter two and quarter three are an increase in projected cost for residential placements and the reduction in anticipated savings that can be achieved in year.

- 4.2.3. There have been 7 new residential placements since the previous report which have increased the projection by £0.400m. 2 of these were back dated placements to the beginning of 2017 but the remaining 5 new placements were made in year and show an upward trend in use of residential. Spend is projected to be £0.740m higher than during 2016/17.
- 4.2.4. Adjustments have now been made to projections for both expenditure and income to reflect actual delivery to date for this financial year. Reduced delivery in Supported Living and Residential placements is leading to a projected underspend against these services.
- 4.2.5. The overall position against the contract is an underspend of £0.235m which is an increase of £0.054m since quarter two. There is a one off pressure in year of £0.647m relating to old year costs for the Provider Service (LDPS).
- 4.2.6. The position now assumes achievement of £0.100m savings in year through the reviewing to improve lives project. The scale and complexity of realising the savings has been greater than expected. The balance of the MTFP saving is shown as a pressure against the overall position. There is an exercise to be undertaken which will re-profile what is achievable through this project with a view to setting a realistic target for 2018/19.
- 4.2.7. The reported position takes into account a transfer of £6.158m from an equalisation reserve and £1.086m transformation investment funded from capital receipts.

4.3. Adults Commissioning: (-) £0.117m underspend: movement (-) £0.066m

- 4.3.1. The majority of this change relates to vacancies within the Commissioning Team that will not be appointed to permanently this year.
- 4.3.2. The above position is net of £0.033m which will need to be drawn down from the Carers Earmarked Reserve to fund the Carers Support Worker post.
- 4.3.3. We estimate that £0.093m will need to be transferred from earmarked contingency to pay for the Local Assistance Scheme programme costs.

5. Public Health: (-) £0.553m underspend

- 5.1. The Public Health budget is made up of two elements. The ring fenced Public Health Grant (£21.270m) which is projected to be fully spent, and £1.094m of Somerset County Council funding. This element is projected to be underspent by £0.553m.

6. Economic and Community Infrastructure Services (ECI): (-) £0.511m underspend: movement (-) £0.224m

- 6.1. Overall ECI services are showing an underspend of £0.511m (0.80% of the total budget) which is largely due to SCC's contribution to the Somerset Waste Partnership. Waste tonnages continue to be lower than budgeted, with an estimated end of year underspend of £0.795m.
- 6.2. Other services therefore are overspent by £0.284m (0.45% of the total budget). This is an improvement of £0.283m since Quarter 2. Partly this has been

achieved by reviewing staffing budgets and vacancies within services and also by reviewing one-off balances such as commuted sums. Senior officers are reviewing all expenditure across these services in order to determine if further expenditure can be stopped or delayed.

- 6.3.** Within the current forecast there are still risks around waste tonnages, concessionary fares, winter and emergency maintenance. An emerging pressure is around transport costs. There is significant inflation in these services, and further costs pressures with the closure of another local bus operator.

7. Corporate and Support Services: (+) £1.384m overspend: movement (-) £0.423m

7.1. Corporate Affairs (-) £0.121m; movement (-) £0.119m

The Customers and Communities budget line is projected to be underspent by £0.121m as a result of surplus income and savings. The main element of the underspend is within the Community Invest-to-Save budget which assumes no further spend before year-end.

7.2. Commercial and Business Services

7.2.1. Commercial Procurement and Contract Management: (+) £1.226m overspend; movement (+) £0.004m

Some of the MTFP savings aimed at reducing third party and agency expenditure have not been possible given the market and service requirements/ This has led to an overspend which effectively should sit across the whole council spend but has been allocated against this budget. Work is ongoing to identify where savings will fall against this cross-cutting target. Staff vacancies in Commercial Contract Management and Procurement have resulted in a forecast underspend of £0.139m.

The Building Schools for the Future (BSF) budget is projected to be underspent by £1.159m. This report assumes this amount will be transferred to the earmarked BSF Equalisation Reserve at year-end as planned.

7.2.2. Core Council Programme (Including Business Change): (+) £1.173m Funding Requirement; movement (-) £0.115m

The capital receipt flexibility funding requirement for the Core Council Programme is now projected to be £1.173m. This is a reduction of £0.115m from Quarter 2. This movement is mainly due to vacancy savings from staff Also, £0.095m of the £0.100m projected for the County Plan Vision Volunteers work is now not expected to be spent.

7.2.3. Strategic Property: (+) £0.161m overspend; movement (+) £0.137m.

Strategic Property are forecast to be overspent by £0.161m in total, an increase of £0.137m from the previous quarter. £0.081m of income from Broughton House and Dimensions Somerset rent will not now be realised. There are further projected overspends amounting to £0.102m in the Land Management account and Commercial Properties areas, and a £0.050m overspend following an increase in County Hall rates. These are offset by a projected underspends in

Estates and Energy of £0.065m and in Property General of £0.006m.

Costs in 2017/18 relating to the BMIS R&M scheme are forecast to result in a £0.321m overspend. The forecast assumes that this projected overspend will be transferred to the earmarked reserve at year end.

The Corporate Repairs and Maintenance budget is projected to be overspent by £0.306m. The cost of providing the service has risen since the introduction of the single contractor. This is partly due to an increase in a higher number of assets being recorded, and being included in the contract, resulting in an increase in costs. The forecast assumes that this projected overspend will be transferred to the earmarked reserve at year end.

7.2.4. HR and OD: (-) £0.146m underspend; movement of (-) £0.146m

HR and OD is forecasting an underspend due to vacancy savings, a revised projection of income from payroll and an increase in the take-up of purchased annual leave.

7.2.5. Strategic ICT: (+) £0.218m overspend; movement (-) £0.308m

There is currently a projected overspend on staff costs. Work is continuing to review the cost of ICT contracts which are above budget following the return of the service from SWOne.

7.2.6. Finance and Performance

Finance: (+) £0.090m overspend; movement (+) £0.019m

Despite holding some vacancies at present, Finance has an overspend on salaries in this financial year.

8. Non-Service Items: (-) £10.449m underspend: movement (-) £1.903m

8.1. At quarter 3 of the financial year, the s151 officer takes a view on the use of the contingency budget and assesses the need to allocate it against known pressures. Some of the budget has had to be used against the outcome of the pensions dispute with SWOne, which resulted in a final end-of-contract payment of £1.213m. It is requested that the uncommitted contingency balance of £5.888m is transferred to Children's Services to support the additional spend in that service area.

8.2. Central Redundancies: (+) £0.145m; movement (-) £0.000m

Current estimates for the costs of central redundancies, arranged in 2017/18 to-date, come to £1.482m. An extrapolation of costs for the remainder of the financial year suggests a further £0.662m, pushing costs over the £2.000m budget by £0.145m. This budget is volatile and depends upon other MTFP decisions and their timing.

8.3. Sustainable Transformation Programme (STP): (+) £0.195m overspend; movement (-) £0.035m

Costs incurred by SCC as part of the delivery of the STP will be funded from the

Non-Service part of the budget. Projected year-end costs are now £0.195m, £0.035m lower than the Quarter 2 projection.

8.4. Use of Reserves: (-) £1.958m underspend; movement (-) £1.958m

Due to the overall overspend position of the authority, we have reviewed earmarked reserves once again to see if any of these reserves are no longer needed. It is requested to transfer £1.958m from the revenue backed Capital Fund and other earmarked reserves to ease the impact on the General Reserve at year end and there should be no impact elsewhere in doing this.

9. Trading Units

Trading Units have a net nil budget. Any underspend is described as a surplus and any overspend as a deficit on the trading account.

9.1. Support Services for Education: (-) £0.211m surplus; a movement of (-) £0.009M

Minor variances make up the movement of £0.009m.

9.2. Dillington House: (+) £0.166m deficit; a movement of (+) £0.025m

Dillington has been unable to secure as many weddings this year due to a very competitive market. Compared to 2016/17 we are 20 weddings down which has had a major impact on income. The National Minimum Wage legislation has impacted on our staffing budget. Dillington will continue to review expenditure and make any savings possible between now and the end of the financial year to reduce the forecasted deficit.

10. Aged Debt Analysis

10.1. As at the end of November 2017, the outstanding debts over 90 days old totalled £4.592m or 52.66% of gross debt outstanding. By way of comparison, the percentage of debt over 90 days old in November 2016 was 21.86%. The aged debt profile is not at an acceptable level and we will need to purge this old debt quickly so that our usually excellent record on collecting over 99% of debt is maintained.

10.2. Services' total outstanding debt relating to external income on the Accounts Receivable system stood at £8.720m on 30 November 2017, (November 2016 £7.873m).

10.3.

Service	Not o/du £m	0-30 Days £m	1-3 Mths £m	3-12 Mths £m	12+ Mths £m	Total £m
Adults & Health Comm.	0	0.044	0.010	0	0.126	0.180
Adults & Health Ops	0.092	0.414	0.486	0.554	0.202	1.749
Business Development	0.024	0.383	0.038	0.093	0.049	0.586
Customers & Communities	0	0.061	0	0.056	0	0.117
Children & Family	0.001	0.098	0.001	0.513	0.007	0.620

Ops						
ECl Comm.	0.003	0.002	0.004	0.002	0	0.010
ECl Ops	0.748	0.411	0.410	2.542	0.195	4.306
Schools & Early Years	0.030	0.009	0.007	0.010	0.006	0.063
Finance & Performance	0.004	0.128	0.055	0.002	0.008	0.197
Children & Learning Comm.	0.199	0.040	0.012	0.187	0.005	0.442
LD Ops	0.013	0	0	0.017	0.011	0.041
Support Services for Education	0.006	0.193	0.195	0.005	0	0.400
Public Health	0	0	0.008	0	0	0.008
Total £m	1.120	1.783	1.225	3.981	0.611	8.720
Total %	12.84	20.45	14.05	45.66	7.00	100.00

Total Debt Analysis

	Net Debt £m
November 2016	7.873
November 2017	8.720

10.4. Aged Debt – Service Commentary

10.4.1. Adults and Health: £1.970m

There is currently £0.920m of outstanding debt over 90 days old across all Adults services, which is a reduction of £0.293m from quarter two. £0.487m of this debt is with NHS partners relating to CHC contributions and the joint finance agreement. Discussions are on-going with the CCG to bring these disputes to a conclusion and we anticipate the majority of the debt being cleared.

The majority of the remaining £0.433m relates to debt with clients of the service who have been assessed as being able to contribute to their support. These debts are with 122 customers, with the top 11 accounting for half of the outstanding amount. Where appropriate these older debts have been referred to legal services for their assistance with recovery. All other debts are being actively pursued by members of the Adults and Health finance team.

10.4.2. Children and Learning: £1.062m

Of the debt over 90 days, 92% relates to contributions due from partner health authorities towards costs of children in specialist provision with therapeutic and health related support. We are awaiting written confirmation of the outcome of recent discussions held with these agencies to resolve the settlement of these debts.

10.4.3. Corporate and Support Services: £0.900m

Aged debt 'over 90 days old' totals £0.208m. Larger debts include:-

- Customer Contact £0.056m: this related to the SLA with Taunton Deane BC and has now been paid.
- Property Maintenance £0.074m: these are being actively pursued by the service.
- Other Commercial & Business Services £0.071m.

10.4.4. **Economic and Community Infrastructure: £4.316m**

Aged debt over 90 days old totals £2.739m.

- £2.305m relates to a developer debt in relation to a S106 Agreement and is being actively pursued at Director level
- £0.126m relating to defects following utilities work and is with the recovery team
- £0.077m relates to damage to Highway from oil spillage and has reached legal stage of recovery
- £0.087m relates to Transport debt with Somerset Partnership and is being pursued
- £0.064m relates to other Transport debt with 2 suppliers
- £0.028m represents County Ticket debt which is being pursued by recovery team
- £0.019m also relates to Highways damage and are currently with loss adjusters/insurers
- £0.012m contribution from SSDC towards A30 Highways works
- £0.008m is small value libraries debt and partner contributions for Libraries West Partnership

Remaining £0.013m is small balances across remaining ECI services.

10.4.5. **Public Health: £0.008m**

The debt for Public Health is less than 90 days old and not considered to be at risk of non-recovery.

10.4.6. **Support Services for Education: £0.400**

The increase in the level of debt is due mainly to the raising of termly invoices to schools and academies for services delivered through SSTEP and recoupment of salary costs of staff seconded to other LAs and Universities. Robust processes are in place to ensure these debts are settled within the agreed terms.

11. Delivery Progress of 2017/18 MTFP Proposals

11.1. In February 2017, the Council approved £19.506m of savings proposals and £14.332m of pressures. This section of the report provides an update of the progress towards delivery of the proposals with a RAG status showing the level of risk around delivery (Appendix B).

11.2. Savings

As all savings have been taken from service budgets at the commencement of the financial year, the real risk is that service areas will not be able to deliver the full saving and overspend. At this time of year savings are assessed as either delivered or no longer deliverable and the “amber” status is no longer appropriate.

Over 64% of the savings have been classified as having a green status, meaning service directors are confident that these savings will be delivered at the financial impact predicted in proposal documents.

This leaves just over 35% of savings that are no longer deliverable in 2017/18.

12. Consultations Undertaken

- 12.1.** The individual service content within this report has been considered by Service Management Teams prior to submission together with on-going briefings of Cabinet Lead Members.

13. Financial, Legal, HR and Risk Implications

- 13.1.** Financial implications are dealt with in the body of this report, and where decisions are required. There are no other direct implications arising from this paper.

14. Background papers

- 14.1.** County Council – 15 Feb 2017 – 2017/18 Revenue Budget and MTFP
County Council – 15 Feb 2017 – S151 Robustness and Adequacy report
Cabinet – 15 November 2017 – Revenue Budget Monitoring 2017/18 Month 6

Note:

For sight of individual background papers please contact the report author(s):

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Appendix A – Revenue Budget Monitoring – Headline Summary Table

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Service	Original Base Budget	Budget Movements	Total Budget Approvals	17/18 Projection	Gross Variance Under (-) / Overspend		Transfers (to) and from Grant / Earmarked Reserves	SCC Variance Under (-) / Overspend		Planned Use of Capital Receipts Flexibility	Forecast Under (-) / Overspend	Movement from Previous Report
	£m	£m	£m	£m	£m	%	£m	£m	%	£m	£m	£m
Adults and Health - Operations	72.683	6.237	78.920	75.573	(3.347)	(4.24)		(3.347)	(4.24)		(3.347)	(2.031)
Children and Families - Operations	48.749	(1.286)	47.464	62.128	14.664	30.90		14.664	30.90		14.664	1.588
Learning Disabilities	48.183	2.321	50.504	61.952	11.448	22.67	(6.158)	5.290	10.47	(1.086)	4.204	2.080
Adults and Health - Commissioner	14.756	(7.011)	7.746	7.662	(0.084)	(1.08)	(0.033)	(0.117)	(1.51)		(0.117)	(0.066)
Children and Learning - Commissioning Central	18.013	3.787	21.799	26.369	4.570	20.96	(2.104)	2.466	11.31		2.466	0.174
Public Health	1.070	0.024	1.094	0.541	(0.553)	(50.54)		(0.553)	(50.54)		(0.553)	(0.533)
ECI Services	61.655	2.042	63.697	63.186	(0.511)	(0.80)		(0.511)	(0.80)		(0.511)	(0.224)
Key Services Spending	265.109	6.115	271.224	297.411	26.187	9.66	(8.295)	17.892	6.60	(1.086)	16.806	0.969
Corporate and Support Services	25.449	0.090	25.539	28.219	2.680	10.49	(0.213)	2.557	10.01	(1.173)	1.384	(0.423)
Non-Service Items (Inc Debt Charges)	21.214	(25.733)	(4.519)	(14.968)	(10.449)	231.20		(10.449)	23.20		(10.449)	(1.903)
Trading Units	0.000	0.000	0.000	(0.045)	(0.045)	(6.528.57)	0.045	0.000	0.00		0.000	0
Support Services and Corporate Spending	46.663	(25.642)	21.020	13.205	(7.815)	(37.18)	(0.078)	(7.892)	(37.55)	(1.173)	(9.065)	(2.327)
Individual Schools Budget (ISB) and Early Years Providers	0.000	19.528	19.528	7.528	(12.000)	(61.45)	12.000	0.000	0.00		0.000	0
SCC Total Spending	311.772	0.000	311.772	318.144	6.327	2.04	3.627	10.000	3.21	(2.259)	7.741	(1.358)

Appendix B: Savings Month 8 2017/18

	Value of Approved Saving	Red	Green
Adults and Health - Operations	764,600	184,600	580,000
Learning Disabilities - Operations	4,733,800	3,066,900	1,666,900
Adults and Health - Commissioner	727,000	250,000	477,000
Public Health	168,500	0	168,500
Adults and Health	6,393,900	3,501,500	2,892,400
Children and Families - Operations	18,000	18,000	0
Children and Learning - Commissioning Central	3,095,600 *	1,952,800	1,142,800
Children's	3,113,600	1,970,800	1,142,800
Somerset Waste Partnership	760,000	0	760,000
Highways	800,000	0	800,000
ECI Other Services	2,587,400	65,200	2,522,200
Economic and Community Infrastructure	4,147,400	65,200	4,082,200
Key Services Spending	13,654,900	5,537,500	8,117,400
Commercial and Business Services	5,677,600 *	1,359,300	4,318,300
Finance and Performance	173,600	0	173,600
Customers and Communities	0	0	0
Support Services	5,851,200	1,359,300	4,491,900
Total Services	19,506,100	6,896,800	12,609,300
Percentage		35.36%	64.64%

* The non-delivery of these savings has been taken into account in the forward budget process

2017/18 MTFP Savings Performance

■ 35.36% ■ 64.64%



APPENDIX C

REPORT BY THE DIRECTOR OF CHILDREN'S SERVICES ON CARE PLACEMENT SUFFICIENCY

The sufficiency of care placements overall has continued to deteriorate locally and nationally, being driven both by rising complex needs – including legacy cases in the Somerset context, and significant market difficulties with increasing competition for 'good' provision. Key features include:

- **Prevention & Early Intervention** - there are effective arrangements to manage overall demand for care arrangements, with **the numbers and total cost of children looked after remains below similar local authorities**. In addition to the numbers and proportion of vulnerable families increasing in Somerset, further work is required to address the drivers leading to children coming into care especially a significant increase in children being excluded from school.

The use of residential care and related unit costs is higher (out of county placements and additional costs) than other similar local authorities. This is being driven by:

- **Placement Stability** – too many care placements are breaking down through ineffective care planning at all stages of the process including: assessment of a child's needs based on proportionate understanding of risks; limited placement choice leading to poor matching from the outset of the placement; inconsistent rigour of care planning reviews, and; too often poor planning to reduce placement breakdown.
 - **Sufficiency of Foster Placements** – there are insufficient foster parents provided by the Council's internal fostering service and there has been a significant decline in external agency fostering provision available locally to Somerset.
 - **Commissioning of the Care Market** – Local and regional commissioning and procurement arrangements are not always delivering maximum value for money in terms of meeting specific children's needs and delivering agreed outcomes. NHS services are not yet good enough to meet all the needs of children in care nor have they historically contributed to specialist placements for children with complex education, health and care needs.
 - **Permanency Planning** – where adoption is the plan for a child permanency planning is 'good', however social work practice is not consistent in ensuring that all children in care - especially older children and those with complex needs have an appropriate permanency plan, including where appropriate reunification back to their families.
-

Sufficiency Plan – there is an established statutory Sufficiency Plan as required by government which is overseen by the Somerset Corporate Parenting Board, key elements of which are being reviewed to address:

A. Commissioning of the Care Market – There are a number of actions underway to improve the commissioning of the Somerset care market (including implementing key aspects of the national Narey Review) these include:

- **Review of Residential Placements** – an urgent review of all residential placements by care provider, is underway, with the aim of maximising value for money and ensuring that there is effective care planning in place.
- **Support for providers** - Independent care providers need more support to provide sufficient high quality care placements for Somerset children. This includes improved relationships, shared workforce development, and contracts which provide greater certainty and innovation.

B. Sufficiency of Council Foster Placements – in addition to improved commissioning of independent fostering agencies, further work is underway to strengthen the Council’s fostering service including innovative recruitment and an improved offer of support and benefits.

C. Permanence Planning – to support effective permanency planning for all children, specific developments include:

- **Permanence panel** – reconfiguring the existing panel to ensure there are robust permanence plans for all children. Supported by:
 - **Family Finding** – increased specialist capacity to recruit carers for named children; and,
 - **Kinship Team** - development of a specialist social work team responsible for the assessment and support of family and friends’ carers.
- **Family Solutions** – engaging the wider family through:
 - Enhanced **Family Group Conferencing** to enable families to find their own solutions.
 - **Rapid Response team** - 24/7 adolescent support service for families in crisis
 - **Community Adolescent teams** - adolescent support teams to prevent family breakdown and supporting the return of children home from care.

D. Placement Stability – work is underway to improve care planning practice, with more effective: monitoring and assessment of the stability of care placements, earlier placement stability meetings and plans, and ensuring support from partner agencies is in place.

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Somerset County Council

Cabinet
12th February 2018

Council Performance Report – End of December 2017 (Q3) Report

Cabinet Member(s): Cllr David Fothergill, Leader of the Council & Cllr David Hall
Division and Local Member(s): All
Lead Officer: Emma Plummer / Strategic Manager - Performance
Author: Emma Plummer / Strategic Manager - Performance
Contact Details: (01823) 359251

Report Sign Off:	Seen by:	Name	Date
	County Solicitor	Honor Clarke	22/01/2018
	Monitoring Officer	Julian Gale	22/01/2018
	Corporate Finance	Kevin Nacey	22/01/2018
	Human Resources	Chris Squire	22/01/2018
	Property / Procurement / ICT	Richard Williams	22/01/2018
	Senior Manager	Simon Clifford	22/01/2018
	Local Member(s)	N/A	N/A
	Cabinet Member	Cllr David Hall	22/01/2018
Informed:	Opposition Spokesperson(s)	Cllr Jane Lock Cllr Simon Coles	02/02/2018
	Relevant Scrutiny Chair(s)	Cllr Tony Lock Cllr Hazel Prior-Sankey Cllr Leigh Redman	02/02/2018
Forward Plan Reference:	Forward Plan reference: FP/17/08/08 Proposed decision first published in Forward Plan dated 16/08/2017		
Summary:	<p>This performance monitoring report provides a high-level summary of the Council's performance across the themes laid out in Appendix A.</p> <p>This report reflects the Council's ongoing progress towards the visions laid out in the County Plan.</p>		

<p>Recommendations:</p>	<p>Cabinet is asked to:</p> <ol style="list-style-type: none"> 1. Consider and comment on the information contained within this report specifically those areas identified as a potential concern under Section 3.0 of this report and the 'Issues for Consideration' section of Appendix A. 2. Where performance issues are highlighted, Cabinet should consider whether the proposed management actions already in place are adequate to improve performance to the desired level. If the Cabinet are of the view that the actions are not adequate then Cabinet should indicate what further actions are required to ensure performance is improved. 3. Subject to any amendments agreed under the above points, to agree this report and Appendix A as the latest position for Somerset County Council against its County Plan.
<p>Reasons for Recommendations:</p>	<p>To ensure effective monitoring and management of the performance of the Council towards the outcomes laid out in the Council's County Plan.</p>
<p>Links to Priorities and Impact on Service Plans:</p>	<p>This report links to all aspects of the County Plan 2016-20 and forms a vital part of the performance management framework in place across the Council.</p> <p>The performance outlined in this report should be an indication of service plan delivery. The strategic objectives of the service plans point towards the outcomes set by the County Plan.</p>
<p>Consultations undertaken:</p>	<p>Key messages have been approved by Directors, Lead Commissioners and Cabinet Lead Members.</p>
<p>Financial Implications:</p>	<p>If performance is not at the expected or desired level then management actions undertaken to improve performance to the desired level may result in financial implications for the Council.</p>
<p>Legal Implications:</p>	<p>It is important when reviewing performance to ensure that minimum statutory requirements are being met at all times and that the Council operates within the law and standards of conduct expected of a public authority.</p>
<p>HR Implications:</p>	<p>Actions agreed to address performance issues may involve the reallocating of resources and staff. As such there would be direct implications for staff that play a role in the delivery of services in those areas affected.</p>

Risk Implications:	The performance and issues highlighted in this report are likely to impact on one or more of the Council risks as detailed in the Council's Risk Report					
	Likelihood	N/A	Impact	N/A	Risk Score	N/A
Other Implications (including due regard implications):	If addressing performance issues require changes in the way services are delivered, these must be supported by an appropriate impact assessment which will need to be duly considered by decision makers in line with our statutory responsibilities before any changes are implemented.					
Scrutiny comments / recommendation (if any):	<p>None at this time.</p> <p>This report will be presented at Scrutiny for Policies and Place Committee on 6th March 2018</p> <p>This report will be presented at Scrutiny for Policies, Adults and Health Committee on 7th March 2018</p>					

1. Background

- 1.1.** This report provides members and senior officers with the high-level view of the information they need to lead and manage the performance of the outcomes set out in the County Plan.
- The measures used to support the report come from across the Council and are monitored using Senior Leadership Team Scorecards.
- 1.2.** Appendix A – the Performance Wheel has seven segments which reflect the 'People's Priorities'. The 'People's Priorities' are drawn from our County Plan, covering priorities for the whole of Somerset and are regularly discussed as part of our ongoing public engagement process.
- There are four 'Council' segments which seek to measure how well the council manages its relationships with partners, staff and the public and how it rates its internal management processes.
- There is one segment that seeks to reflect the performance of the Vision Projects being undertaken by the Vision Volunteers.
- 1.3.** This report provides the latest information available in the period up until 31st December 2017. Discussions regarding performance issues will take account of any additional information that may be available following production of this report.

2. Performance Overview

- 2.1.** The latest performance information is set out in Appendix A and summarised in the table below. A performance status of Red, Amber or Green (RAG) at the objective level is detailed at the centre of the wheel in Appendix A whilst key areas of concern for consideration are set out in boxes on the right-hand side of the wheel.

2.2. Performance Summary

The table below summarises overall performance against objectives:

The direction of performance has been assessed based on whether current performance is improving or deteriorating as opposed to comparing performance with the previous report.

Metric Segment	Number of Objectives			Direction of Performance		
	Green	Amber	Red	Up	Stable	Down
The People's Priorities	3	3	1	3	3	1
The Council	2	1	1	1	3	0
Vision Volunteers	1	0	0	0	1	0
Totals	6	4	2	4	6	1
As Percentage	50%	36%	16%	36%	56%	8%

3. Performance Issues for Consideration and Action

3.1. This quarter there are two red segments:

P3 Safer Children and Better Care – (red but stable)

The Children's Trust Executive are pleased with the progress against the 7 Improvement Programmes, but recognise there is still much to do. Action Plans for 2017/18 are in place and Q2 performance against the CYPP was considered by the Policies, Children and Families Scrutiny Committee on 17th November 2017. Ofsted quarterly monitoring visits have concluded adequate progress is being made and DfE intervention has confirmed a "significant improvement" in Somerset's Children's Services, including more manageable case-loads, a more stable workforce and better partnership working as reported by the Minister in 2016. However, until the result of the recent Ofsted inspection is known this segment remains red. The publication date for this report is 29th January 2018.

C4 Managing our Business – (red but stable)

The Authority's forecast shows a projected net overspend of £7.741m when compared to the Revenue Budget. This represents 2.48% of base budget. The majority of the overspend lies in the Children's Services budgets. Most other areas of the Council are within reasonable tolerance although some corporate and support budgets are under pressure.

3.2. This quarter there is ONE segment with declining performance:

P7 Protecting our Environment (green and declining)

Whilst performance in relation to waste recycling and residual household waste tonnages remain good and progress continues to be made on flood and water management, there has been some recent issues in relation to delivery of our LED streetlighting contract. These have resulted in a downwards direction of travel for this indicator but these are being actively addressed.

4. Core Council Programme

4.1. The current status of the Core Council Programme is set out in Appendix B (attached), which details key achievements, issues and next steps.

Overall progress is good this quarter and there have been advances in several of the existing programmes as detailed in the report below. In addition, this quarter has seen the continuing development of the high priority improvement and transformation themes.

These themes are as a direct result of the Medium Term Financial Planning process and have been added to the Core Council Programme with the potential to achieve significant service improvement and redesign, resulting in savings and/or cost reductions.

Where savings potential is identified, work programmes will develop opportunities into a level of detail that tests their viability and return on investment through the governance of the Core Council Board. In this reporting period there is the inclusion of a new theme to look at opportunities to create savings within our Commercial and Third Party spend business case (detailed below).

The Core Council Programme continues to target delivery of £34.495m of financial benefits in addition to the £29.868m already achieved. Of the £34.495m being targeted, £19.639m is either in, or expected to be included in the Medium Term Financial Planning process. The remaining £14.856m is delivering cost avoidance benefits i.e. reducing potential overspends and curtailing demand. An update on progress is detailed by theme below.

4.2. Themes

Strategic Opportunities Board (new)

A Strategic Opportunities Board (SOB) was set up by the Council to help identify opportunities that create savings in council expenditure within our Commercial and Third Party spend, both to minimise overspends and drive improved ways of working. The aim is to deliver savings through a strengthened commercial, procurement and contract management approach. It expects to deliver significant savings over 3 years to 2020.

Reviewing to Improve Lives (RTIL)

The RTIL team continues to review support packages for existing customers and identify new ways of meeting their needs in a way that is person centred and promotes progression and independence.

Although it is taking longer than anticipated to complete these reviews and therefore the profile of savings will change, this work has already identified many opportunities for improvement that are sustainable.

There are now a significant number of examples where the team has been able to make a positive difference to an individual's life. In one example, support for a young man with complex needs has been reorganised and now includes Health colleagues who are able to help him manage his behaviour and attachment difficulties. As a result of the changes, this individual will be able to live safely and independently in rented accommodation on a more permanent basis and at a reduced cost to the Council.

From the reviews signed off to date:

- 35% have resulted in a decreased package with cost savings because needs can be met in a different way
- 19% have resulted in increased provision due to additional needs being

identified during review.

- 35% have resulted in no change - though for more than half of these, we have been able to identify and actively pursue alternative funding streams such as Continuing Health Care from the NHS.

Work is planned for January to re-profile the savings achievable from this work, based on the information gained from the cases that have been reviewed to date.

From January onwards, we will also renew our engagement with Providers to revisit their fees, with the aim of bringing these closer to the national average, and how we might embed a jointly supported progression based approach.

Children's Placements

Despite key challenges faced by Local Authorities nationally (e.g. limited foster care capacity and funding for placements), progress continues to be made in driving out placement efficiencies through improvements in social care and education practice and new ways of working with key partners.

Cost avoidance of £2.02m has been achieved against a backdrop of rising costs within the system. Following the recent Ofsted inspection, which identified Placements as an area of ongoing focus, there will be a business case review. This will ensure remaining activity to deliver targeted efficiencies and sustainable cost avoidance is clearly identified and prioritised. It will also incorporate activities identified during a service wide summit in October 2017, aimed at improving overall placements sufficiency and stability.

Family Support Services

An options appraisal has been completed to consider how an integrated family support service could be delivered in the future.

A consultation exercise which included an online questionnaire, drop in sessions across the county and attendance at targeted focus groups to gather views from the public and parents about what they value from Public Health Nursing and early help services has now finished. A draft analysis and report on the feedback has been completed by a third party and will be shared as an appendix to the Scrutiny Children's and Families and Cabinet decision making reports.

We are now working on the democratic decision-making reports ready for Children's and Families Scrutiny and Cabinet.

Business and Corporate Support Services (on-hold)

As reported last quarter, following initial work, it was established that the imperative to make savings in line with MTFP targets has been met. In addition, the level of opportunity to make further savings was reviewed and it was agreed at Core Council Board in July, that work to establish the range of service options and savings proposals within Corporate and Support Services should be postponed until the new financial year to concentrate on more productive and higher value business cases.

Transport

Further progress has been made in achieving the £2.11m targeted savings, for 17/18 with only 30k outstanding, which is on track to be delivered. However, due to external market pressures, savings targeted for 2018 and beyond have reduced from £2m to £364,400 with approval from SLT. The overall impact on MTFP of this reduction is under consideration.

Work is continuing to find further savings and efficiencies. This includes ensuring our education transport routes continue to be the most efficient and cost-effective possible, helped by the introduction of Q-routes (route optimisation software), which has enabled efficiencies when planning school transport. The introduction of personal travel payments has also effectively reduced the number of individual taxis required to transport children in remote areas to their school, introducing flexibility for parents by enabling them to arrange their own transport for their child.

Consultation on SCC's Education Transport Policy has also finished, with over 200 responses being received. A final report with summary recommendations will be available for the Lead Member to take a key decision in the new year.

We will be working closely with Hinkley Point C and other external stakeholders to address the issue of a lack of bus drivers in Somerset and the impacts on transport as a result of Hinkley Point C development.

Improving Children's Services

The SEND 0-25 Intervention Programme has continued to provide a framework around the 9 multi-agency priority groups throughout the period and the following achievements have been made:

- Improved guidance around early help arrangements
- Health colleagues have stepped up their engagement by;
 - Participating in 2 sessions with the Council for Disabled Children around Joint Commissioning and Writing Better Outcomes
 - Attendance at all SEND Panels
- A Personal Budget Policy is in draft and the mechanisms to implement payments are being finalised
- Mobilisation of Choices for Life area panels focussing on preparation for transitions and adulthood
- A reviewed Local Offer and significant progress towards the launch of a new platform in 2018
- Significant progress on key objectives made by the 9 Priority Groups

October saw the successful delivery of the four SEND multi-agency Practitioner Conferences to an audience of circa. 250 professionals across Somerset. Working jointly with partners we designed and delivered conference material focused around key messages from Education, Health, Social Care and the Parent Carer Forum, understanding of our shared challenges around SEND and our aspirations around 'getting to good'.

Plans to implement the Capita Citizens Portal and associated functionality have been developed and this will deliver a series of both short and longer terms benefits, such as schools being able to request assessments more easily and parents being able to track their progress in the process.

In December a multi-agency SEND Position Statement for quarter 3 was

presented to Scrutiny Committee by all partners and included material that was also provided for the November 2017 Safeguarding Inspection.

Modernising Adults' Social Care

Work continues to develop and embed the Community Connect approach across all teams. Of people contacting us for advice and support, over 60% are now resolved in the initial conversation with the contact centre, through signposting to community information and support available. Follow-up shows a high level of customer satisfaction and positive outcomes with this approach. A further 20% are now being resolved through a conversation with Adults' Social Care within 24 hours.

The new approach to supporting people to leave hospital continues to show good progress. A part of this work is embedding a progressive enabling approach to any support needed immediately following a hospital stay. The principles of this will be integrated into practice within the wider teams.

The Transformation Board has now established the strategic outcomes and the key shifts needed for the adults' transformation journey. This includes ensuring that the Promoting Independence model is adopted consistently through the whole range of support provided through ourselves, providers and partners. Outcomes measures that reflect this journey from both a service and customer perspective are being developed. At the same time, newly appointed operational leaders have been reviewing and prioritising performance improvement in their local areas in line with this strategic direction.

Economic Growth

Economic Prosperity

We continue to undertake a range of projects to promote economic growth across Somerset by driving inward investment and job creation. These include enterprise and innovation centres, major road schemes, developing our railway stations, our digital infrastructure and ensuring that Somerset benefits from the build of Hinkley Point C.

EDF Energy launched its scheme for signals on the M5J23 which started in October. A launch event for the Hinkley Point travel demand/behaviour programme was held on 2nd November.

A preferred route announcement has been made for the A303 route between Sparkford and Ilchester. Highways England has announced a supplementary consultation exercise with more options for the proposed A358 route close to Taunton. Contracts have been signed and sealed for the works on the Yeovil Western Corridor road improvement scheme.

Great Western Railways have commissioned the development of a single option for the development of Taunton Railway Station and provider procurement is about to commence.

SCC and Leonardos have agreed the site lease for the land in Yeovil for the iAero project, which is a cost-effective mechanism for enabling technological innovation, making it faster and better through effective collaboration. European Regional Development Fund funding has been secured, and a full Business Case for Growth Deal 3 funding is being submitted to the Local Enterprise Partnership.

Work continues on the plans for the Wiveliscombe and Wells Enterprise Centre which have both secured LEP funds.

2020 Vision

Asset Rationalisation

A key decision was taken by the Commercial and Business Services Director on 8 November 2017 setting out principles for a refreshed approach upon which SCC's Corporate Property Team would base a review of all property assets to be reflected in a new Corporate Asset Management Plan. The activities required to undertake this work would form the basis of an emerging Asset Rationalisation programme, of which One Public Estate (OPE) would become a discrete workstream.

Links are being established with the South Somerset District Council led Chard regeneration project, with a clearer steer on next steps expected in the New Year.

Future funding has been secured to assist in the initial high level visioning and planning around the future development of Norton Manor camp following its planned closure in 2028.

Technology and People (TAP)

The programme continues to focus on improving organisational productivity and process efficiency using technology and a new People Strategy as the key enablers for working very differently, resulting in better interaction with our partners and customers.

The Windows 10 deployment commenced at the beginning of December and will continue to roll out new functionality leading to different and more productive ways of working and quicker access to information across the organisation into summer 2018. This will be promptly followed by the roll out of Sharepoint which will improve the user experience in sharing and collaborating on documents. Most smartphone users have also been upgraded to Windows 10 providing an ability to synchronise and securely access work related information from any device from any location. The new e-recruitment solution has also been launched which will improve the candidate and recruiting manager experience by reducing the time from initial contact to decision, encouraging talent into our organisation.

In November, a review of the TAP programme business case was undertaken which focused on confidence in benefits realisation. This review concluded that whilst evidence suggests there are opportunities to achieve business benefits by 2021, progress could be impacted by the low business readiness of the organisation. Recommendations to address this include agreeing the pipeline of systems review activity and the plan evolving from the People Strategy which will target key areas of focus.

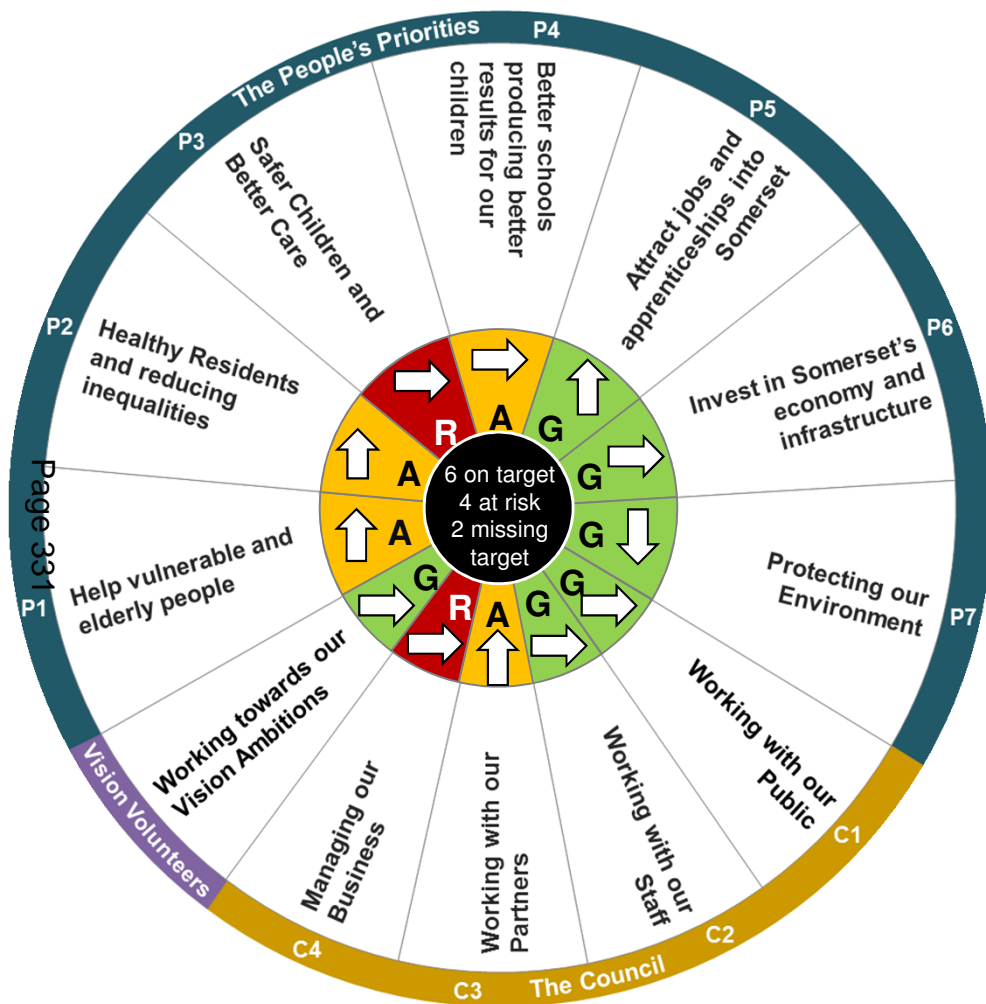
5. Options considered and reasons for rejecting them

5.1. N/A

6. Background Papers

6.1. County Plan

<http://somersexcountyplan.org.uk/>



↑	Performance Improving
↓	Performance Deteriorating
→	Performance Stable
G	On target
A	At risk of missing target
R	Missing target

Issues for consideration

P3 Safer Children and Better Care – (red but stable)

- The Children’s Trust Executive are pleased with the progress against the 7 Improvement Programmes, but recognise there is still much to do. Action Plans for 2017/18 are in place and Q2 performance against the CYPP was considered by the Policies, Children and Families Scrutiny Committee on 17th November 2017. Ofsted quarterly monitoring visits have concluded adequate progress is being made and DfE intervention has confirmed a “ significant improvement “ in Somerset’s Children’s Services, including more manageable case-loads, a more stable workforce and better partnership working as reported by the Minister in 2016. However, until the result of the recent Ofsted inspection is known this segment remains red. The publication date for this report is 29th January 2018.

C4 Managing our Business – (red but stable)

- The Authority’s forecast shows a projected net overspend of £7.741m when compared to the Revenue Budget. This represents 2.48% of base budget. The majority of the overspend lies in the Children’s Services budgets. Most other areas of the Council are within reasonable tolerance although some corporate and support budgets are under pressure.

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Core Council Programme Dashboard - Q3		Reporting period: October - December 2017			
High Priority Themes					
Strategic Opportunities Board (SOB)					
Collectively steers the review of third party spend, commissioning and contract arrangements across the council as well as seeking income opportunities to reduce inefficiency, drive improved ways of working and focus on cost savings.					
Senior Responsible Owner: Kevin Nacey		Previous status:	N/A	Current status:	A
Achievements	<ul style="list-style-type: none"> Over £2m of savings achieved for 2017/18. 				
Issues	<ul style="list-style-type: none"> Resource capacity within the organisation to deliver the savings and drive improved ways of working. 				
Next Steps	<ul style="list-style-type: none"> Validate savings assumptions and map and profile benefits over future years. (January 2018) Recruit 2 x Service Managers to assist with delivery. (February 2018) 				
Reviewing to Improve Lives (RTIL)					
Ensuring that, in future, services for Adults with a Learning Disability are commissioned and provided in a way that delivers quality and promotes independence, progression and aspiration.					
Senior Responsible Owner: Stephen Chandler		Previous status:	R	Current status:	R
Achievements	<ul style="list-style-type: none"> Completed reviews are enabling improved outcomes for a significant number of individuals. Data gathered from use of Care Funding Calculator informing preparations for provider negotiations commencing in January 2018. 				
Issues	<ul style="list-style-type: none"> Not on track to deliver projected £1m in year saving (17/18). 				
Next Steps	<ul style="list-style-type: none"> Further checkpoint (January 2018) expected to revise profile of future year savings and confirm approach to RTIL review process. Progress rollout against revised delivery plan. Roll out of learning from completed reviews commenced (January 2018). Complete high cost provider negotiations (March 2018). Refresh of business case for SLT approval. (March 2018) 				
Children's Placements					
Ensuring the Council provides adequate and effective placement options for our children looked after; this forms part of the Council's sufficiency duty.					
Senior Responsible Owner: Julian Wooster		Previous status:	A	Current status:	A
Achievements	<ul style="list-style-type: none"> Peninsula Fostering Framework tender has closed with award decisions made by Cabinet in January 2018. Placement summit held across social care, education and commissioning to address placement stability issues which identified a number of additional improvement actions that are being incorporated and tracked through a refreshed Placements action plan. (October 2017) Progress report on SWAP recommendations regarding placement financial controls delivered to Audit Committee. (November 2017) 				
Issues	<ul style="list-style-type: none"> Lack of capacity in fostering market is a national issue and there is no quick fix, resulting in increasing reliance on more costly residential care. A level of savings through cost avoidance is being achieved but against a backdrop of rising costs within the system. Additional resources recruited to support delivery of Placements activity by addressing capacity constraints in service are not yet all in post or fully functional. Placements is a complex and system-wide issue which requires a range of internal teams and external agencies and providers working together in the best interests of children. This will take time and effort to fully implement a coherent approach. 				
Next Steps	<ul style="list-style-type: none"> SWAP follow up audit (expected January 2018). Induction of new starters to ensure fully effective at earliest opportunity (January - March 2018). Workshop to address issues, including rising costs within system and Ofsted expectations outlined following November inspection. (February 2018) Refresh of sufficiency statement (for March 2018 Corporate Parenting Board). Review and refresh of Placements action plan and Business Case to ensure concerns via Ofsted inspection are addressed, and that costs / benefits are identified and recorded. (Commencing January 2018) 				
Family Support Service					
Integrating Early Help services (health visitors, school nurses (Public Health Nursing) and getset) to provide one family support service that is more effective at providing co-ordinated, preventative and early help support for families, thereby improving outcomes for children and managing costs against a reducing budget.					
Senior Responsible Owner: Trudi Grant & Julian Wooster		Previous status:	A	Current status:	A

Achievements	<ul style="list-style-type: none"> Public consultation for Family Support Services and Children's Centres completed. (December 2017)
Issues	<ul style="list-style-type: none"> Overall capacity to deliver is limited and therefore support needs to be prioritised on this work to deliver within the timeframes needed to achieve the vision set out in the Children and Young People's plan.
Next Steps	<ul style="list-style-type: none"> Options Appraisal completed and Commissioning Board updated. (Expected to complete January 2018) Complete democratic decision making reports for Scrutiny Children's and Families (26th January 2018) and Cabinet (12th February 2018).

Transport

Driving out efficiencies in Transport by managing demand and optimising use of the fleet, whilst continuing to meet statutory duties.

Senior Responsible Owner:	Paula Hewitt	Previous status:	A	Current status:	A
Achievements	<ul style="list-style-type: none"> Workshop held in October which identified activities to achieve further efficiencies and avoid future budget increases over the next 3 years. Q-routes has now been rolled out following staff training on the 22nd October. Process mapping exercise completed to assist the move of transport eligibility assessment from Special Educational Need and Disabilities (SEND) and Transporting Somerset to the Support Services for Education admissions team for SEND and Further Education SEND students. (November) Consultation on the Education Transport Policy was concluded on the 15th December following over 200 responses which will be put into a report which will form part of the key decision to be taken in March. (December) 				
Issues	<ul style="list-style-type: none"> Several external factors currently impacting on potential savings therefore resulting in the reduced MTFP target. This includes several Bus operators being unable to deliver at current contract prices and are giving notice on contracts which when retendered increase costs and impact on potential savings and efficiencies. 				
Next Steps	<ul style="list-style-type: none"> Workshop on the 18th January with colleagues from across Somerset looked into the lack of driver issue in Somerset. Pilot for Children Social Care and Transport gatekeeper to be undertaken by Business Support. Training for drivers will be undertaken for the new low floor vehicles and the Communications team will be consulted regarding publicity drive. Work underway to develop mechanisms to track new MTFP targets for 18/19. 				

Improving Children's Services

Children's Priorities 2017/18

Ensuring the Children's improvement agenda is delivered and remains visible and supported. Embedding the tools needed for practitioners to undertake their roles in relation to Early Help and Safeguarding.

Delivering a multi-agency response to SEND following peer review feedback, focussing on improvement in services, quality assuring our statutory duties and preparation for a local area inspection across education, health and care.

Senior Responsible Owner	Julian Wooster	Previous status:	A	Current status:	A
Achievements	<ul style="list-style-type: none"> Improved guidance around early help arrangements. (November 2017) Health colleagues have stepped up their engagement with their participation in 2 recent sessions with the Council for Disabled Children and attendance at all SEND Panels. (December 2017) A Personal Budget Policy for Education is in draft and the mechanisms to implement payments are being finalised. (December 2017) Mobilisation of the Choice for Life area panels was achieved during the autumn term and focusses on preparing for adulthood. (October - December 2017) Agreement to implementation of the Capita Citizens Portal which will bring a range of benefits for the SEND Casework Team, Parents, Young People and Professionals by SEND Operational Management Group in December 2017. Ofsted inspection completed. (December 2017) 				
Issues	<ul style="list-style-type: none"> Awaiting sign off of the Information Sharing Agreement by CCG and Sompar. Leadership capacity remains an ongoing challenge as there is still a significant amount of work to do on SEND in 2018, two Assistant Director posts have been advertised and interviews will take place in January 2018. 				
Next Steps	<ul style="list-style-type: none"> Council for Disabled Children (CDC) Audit for SEND services being completed across Education, Health and Care (December 2017). A series of networking opportunities will be offered for SEND practitioners. Implementation of the Capita Citizens Portal to begin early 2018. Continuation of the 9 Priority Intervention Groups which is currently proposed until March 2018. Ofsted report due end of January. Planning for "Good" underway. 				

Modernising Adult Social Care

Adults' Transformation Programme

Re-designing the way Adult Social Care works to enable increasing demand to be met in different ways. Defining the next phase of transformation work in Adult's service including work with partners on jointly managing the health front door.

Senior Responsible Owner:	Stephen Chandler	Previous status:	N/A - being scoped	Current status:	N/A - being scoped
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Achievements	<ul style="list-style-type: none"> o Strategic outcomes reviewed (October) and roadmap for transformation required revised In December to reflect these. o Community Connect(Nov) and RTIL (Sept) checkpoints undertaken. o AIS (Adults Information System) replacement work mobilised.
Issues	None
Next Steps	<ul style="list-style-type: none"> o Measures that reflect the key strategic shifts to be developed by end of January. o Critical dependencies on corporate and wider organisation support to be established and worked through with the relevant corporate leads. Starting with immediate priority areas in January o Options appraisal for AIS to be completed by February.

Economic Growth

Economic Prosperity

Continuing to undertake a range of projects to promote economic growth across Somerset by driving inward investment and job creation. These include enterprise and innovation centres, major road schemes, developing our railway stations, our digital infrastructure and ensuring that Somerset benefits from the build of Hinkley Point C

Senior Responsible Owner: Paula Hewitt	Previous status:	A	Current status:	A
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Achievements	<p>Major Programmes</p> <ul style="list-style-type: none"> o Hinkley - Progress on Rights of Way Restoration and Enhancement Plan. More than 10km of paths have been realigned. (October 2017) <p>Highways & Transport</p> <ul style="list-style-type: none"> o Taunton Railway Station - Single option for developing the station has now been commissioned. (October 2017) o Yeovil Western Corridor - Contracts have been agreed and signed for the work on Yeovil Western Corridor route. (October 2017) <p>Business Infrastructure</p> <ul style="list-style-type: none"> o Highbridge Enterprise Centre extension nearing completion - expected January 2018. o SEIC phase two commenced construction. (October 2017) <p>Libraries</p> <ul style="list-style-type: none"> o Informal engagement with communities on new libraries re design has been completed. (November 2017) o Planning and development of specific proposals against need, demand and access assessments for public consultation has commenced for libraries. (December 2017)
Issues	<p>Highways & Transport</p> <ul style="list-style-type: none"> o Delay in Highways England's consultation for A358 routes to early 2018 - awaiting consultation from Highways England. <p>Digital Infrastructure</p> <ul style="list-style-type: none"> o Connecting Devon and Somerset Phase 2 - Discussions are now commencing to set a new project completion date to rollout superfast broadband to the national parks.
Next Steps	<p>Business Infrastructure</p> <ul style="list-style-type: none"> o Finalise Business Case for Growth 3 deal funds for submission to Local Enterprise Partnership for iAero Centre in Yeovil (February 2018). <p>Highways and Transport</p> <ul style="list-style-type: none"> o Taunton Railway Station - Design and Build Contractor to be appointed (April 2018). <p>Libraries</p> <ul style="list-style-type: none"> o Detailed planning of Public Consultation to continue (April 2018).

2020 Vision

One Public Estate (OPE)

Delivering central government One Public Estate initiative which seeks to reduce the public sector building running costs, dispose of surplus public sector buildings and support regeneration which will produce new homes and new jobs across Somerset.

Senior Responsible Owner: Claire Lovett	Previous status:	R	Current status:	A
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Achievements	<ul style="list-style-type: none"> o Confirmation in December of successful Phase 6 OPE funding bid in relation to high level visioning around future development of Norton Manor Camp. o Initial member information session in early December in relation to potential high priority County Hall works o Full Business Case for Yeovil development opportunity completed. o Development of Asset Rationalisation programme underway, of which One Public Estate (OPE) will become a discrete workstream.
Issues	o None
Next Steps	<ul style="list-style-type: none"> o Capital Investment Proposals in relation to high priority work for A Block County Hall to be considered early 2018. o Scoping/Development of activities required to support emerging Asset rationalisation Programme, to include workshop with key Stakeholder in February 2018.

Technology and People-led (TAP)

Improving organisational productivity and process efficiency using technology and a new People Strategy as the key enablers for working very differently, resulting in better interaction with our partners and customers.

Senior Responsible Owner: Richard Williams		Previous status:	A	Current status:	A
Achievements	<ul style="list-style-type: none"> o Sharepoint migration with Support Services for Education completed successfully. (October) o Business case review undertaken focused on benefits realisation confidence and recommendations to address low level of business readiness. (November) o E-Recruitment solution launched and on-Boarding managed as business as usual activity. (November) o 75% of Smartphone upgrade complete - mop up sessions planned for end January. (November) o Windows 10 deployment commenced as per schedule with SSE service. (December) o Enhanced change and adoption approach resourced and launched. (December) o Engagement with Adults and Children's services commenced in readiness for deployment of Windows 10 from January. (December) 				
Issues	<ul style="list-style-type: none"> o A level of disruption is anticipated and being planned for as Windows 10 is rolled out across all services (mitigation plans in place). 				
Next Steps	<ul style="list-style-type: none"> o Windows 10 roll out for Adults service commences from 8th January 2018. o Windows smartphone upgrade mop ups (scheduled January 2018). o Sharepoint migration for Adults service due to commence mid February 2018. o Future telephony solution business case drafted by the end of February. 				
RAG status definitions					
Green – Programme/Project on target. Nothing that the Programme/Project Manager (PM) can forecast that will prevent the project/programme being completed to time, cost and quality.					
Amber - Currently some issues. The project/programme is not progressing in line with the plan, resources, benefits, quality or stakeholder management expectations.. However, the PM/Senior Responsible Owner (SRO) agree that the actions in place will resolve things.					
Red - Current issues that are having a significant impact on the plan, milestones, benefits or quality of the project/programme. If there are actions in place, the SRO/PM are not confident that those will bring resolution.					

Decision Report – Cabinet decision

12th February 2018

Retendering for insurance cover for all external policies

Cabinet Member(s): Cllr David Hall– Cabinet Member for Resources and Economic Development

Division and Local Member(s): All (if county wide)

Lead Officer: Kevin Nacey, Director of Finance, Legal and Governance

Authors: Martin Gerrish – Strategic Manager, Financial Governance, ECI and Corporate Services and Heather Hall, Service Manager - Insurance

Contact Details: 01823 355303

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	8/1/2018
	Monitoring Officer	Julian Gale	8/1/2018
	Corporate Finance	Kevin Nacey	29/12/2017
	Human Resources	Chris Squire	10/1/2018
	Property / Procurement / ICT	Richard Williams	10/1/2018
	Senior Manager	Kevin Nacey	29/12/2017
	Local Member(s)	Not applicable	
	Cabinet Member	Councillor David Hall	15/1/2018
	Opposition Spokesperson	Councillor Simon Coles	15/1/2018
	Relevant Scrutiny Chairman	Councillor Tony Lock	15/1/2018
Forward Plan Reference:	FP17/08/14		
Summary:	<p>Cabinet is asked to approve the appointment of the successful tenderers following an OJEU procurement process for a wide range of insurance covers. This has been a substantial exercise in terms of information gathering and specification of requirements.</p> <p>Somerset County Council’s external insurance covers (premium) are due for renewal from 1st April 2018, and will be awarded for a period of up to 7 years at our discretion.</p> <p>The need for a tendering process has given officers the opportunity to test the market for a variety of options such as contract length and deductibles (excesses) in order to provide the best value for money options.</p>		

<p>Recommendations:</p>	<p>That the Cabinet approves that:-</p> <ol style="list-style-type: none"> 1. Agrees the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached Appendix A in confidence, as it contains commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information. 2. Subject to the approval recommendation (1) above, agree to exclude the press and public from the meeting where there is any discussion at the meeting regarding exempt or confidential information. <p>Exclusion of the Press and Public</p> <p>To consider passing a resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the press and public from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, within the meaning of Schedule 12A to the Local Government Act 1972:</p> <p>Reason: Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <ol style="list-style-type: none"> 3. The successful tenderers for each Lot as set out in Appendix A are appointed to provide insurance cover. 4. That authority is delegated to the Director of Finance, Legal and Governance to complete any necessary steps to complete the procurement and contractual process and put in place insurance cover from 1st April 2018, including the possible contract extensions for the periods set out in this report and its appendix.
<p>Reasons for Recommendations:</p>	<p>The tender bids received are commercially confidential and need to be treated as such.</p> <p>The scoring mechanism was set out in the tender documentation and has been strictly followed throughout the evaluation process, resulting in proposed awards that best meet the County Council's specification for each Lot.</p> <p>There is a critical need to ensure that insurance cover is in place for 1st April 2018.</p>

<p>Links to Priorities and Impact on Service Plans:</p>	<p>Insurance cover is linked to County Plan statement “We will continue to work within our income”. Insurance is required to protect the County Council’s financial interests, and to ensure that critical funds are not lost to service delivery.</p> <p>The level of the Insurance Fund and the probable calls upon it are taken into consideration when the Director of Finance presents the report on the “robustness of the estimates” and the “adequacy of the reserves and balances” to Full Council in the budget setting and MTFP round.</p>
<p>Consultations and co-production undertaken:</p>	<p>The tendering for new insurance cover does not have a direct impact on any service users and therefore no such formal consultation was required.</p> <p>The insurance tender process was taken to the Strategic Opportunities Board and to the Schools Forum, both of which were supportive of the approach being taken.</p>
<p>Financial Implications:</p>	<p>The annual premium costs of each proposed insurance cover are set out in Appendix A, together with a comparison with the current costs of insurance premiums for 2017/2018.</p> <p>The costs of insurance are managed through an earmarked reserve called the Insurance Fund. This holds balances against current and future insurance claims that the County Council may need to pay out (some claims will take more than a single year to resolve). The adequacy of the Insurance Fund is regularly checked by our brokers’ actuarial review.</p> <p>Insurance costs, including external premiums, are recharged to budgets held by frontline services in accordance with CIPFA guidance. This allows the Insurance Fund to be topped up, to ensure that it is adequate to meet expected future costs.</p>
<p>Legal Implications:</p>	<p>“Exempt information” is defined by Section 100 of the Local Government Act 1972, by Schedule 12A to that Act. The Council’s Constitution (Access to Information in relation to Decision-making) sets out the relevant categories for information to be treated as exempt information.</p> <p>It is recommended that the press and public should be excluded during consideration of Appendix A because its discussion in public would be likely to lead to the disclosure to members of the press and public present of information in the following categories prescribed by Part 1 of Schedule 12A to the Local Government Act 1972 (as amended): paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information). Since it is considered that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public</p>

	interest in disclosing the information, in that disclosure would be to the detriment of the Council's ability properly to discharge its fiduciary and other duties as a public authority.					
HR Implications:	None					
Risk Implications:	Not having any external insurance cover at all is an unacceptable financial risk.					
	Decisions about insurance cover are intrinsically linked to risk management and risk appetite. The tender process has been undertaken with a view to reduce risks across the self-insured part of the Insurance Fund, and to protect the County Council's reserves.					
	In coming to the recommendations for Cabinet in Appendix A, officers have carefully considered the tender bids against our known insurance risks and claims history.					
	There is a risk decision to be taken as to the levels of deductibles (excesses) and cover provided, against the costs of premium incurred.					
	Likelihood	3	Impact	3	Risk Score	9
Other Implications (including due regard implications):	<p><u>Equalities Implications</u></p> <p>It has been agreed with the Equalities Manager that an Equalities Impact Assessment is not required for this decision, as there are no relevant implications.</p>					
Scrutiny comments / recommendation (if any):	Not applicable.					

1. Background

- 1.1. Somerset County Council provides a wide range of services to the public; it has a large workforce and engages with a large number of partner activities to achieve its vision. As a result, it is exposed to a wide variety of risks. Insurance cover is one of the key measures that the County Council puts in place in order to mitigate the larger financial risks.
- 1.2. Our major external insurance covers are due to expire on 31st March 2018. Therefore, a tendering exercise has been carried out by the Commercial and Procurement Team, and has been run through the EU procurement processes. This has been a substantial exercise in providing our full insurable requirements and specifications to the market place, along with detailed information as to our claims history and asset base (e.g. properties owned or used, workforce employed, vehicles, policies in place). Exercises have been undertaken to engage with the market, including a bidder's day, in order to generate interest from what is a limited list of potential insurers. Over 130 specific questions have been answered from prospective insurers as part of the tendering process. Our

brokers have also been involved in order to provide advice and to assess the results. The closure date for bids was 15th December 2017, and the Insurance Team has been busy reviewing and scoring the bids against a pre-determined scoring matrix in order to determine the best value for money.

The following insurances have been tendered for:-

Property Combined
Property Owners
Works in Progress
Crime with Fidelity Guarantee
Combined Liability (Public Liability and Employers Liability)
Motor Fleet – comprehensive cover
Personal Accident and Travel
Engineering Inspection
Officials Indemnity (OI) and Professionals Indemnity(PI)

[N.B. The County Council has terrorism cover, which is renewed annually. This is an extremely limited market and does not ordinarily respond to a tender process].

- 1.3.** Along with many other local authorities, Somerset does not operate a “ground up” cover for the majority of its insurances. This means that smaller value claims are managed in-house by the Insurance Team, and these risks are not insured against with an external provider. In-house management for our smaller claims is preferable because it is more cost-effective, and also provides a greater level of control over the claims handling process. Costs of running the in-house provision, as with the external insurance premiums, are managed from year to year through our Insurance Fund, and costs are recharged to services.

Typically at any point in time, the Insurance Team is self-handling between 200 and 300 claims, of which 75% are public liability (highways claims), 10% employee claims, 10% motor claims and 5% all others. The key indicator for our internal claims handling service is the repudiation rate – the number of claims that are successfully disproved without making any payment to the claimant. Our repudiation rate is invariably over 90%, which is slightly higher than the local authority average. In May 2017, an independent audit assessment on behalf of our brokers rated our internal performance at 93%, which was despite some staff vacancies within the team (now filled) and the implementation of a new dedicated insurance IT system (now completed).

- 1.4.** External insurance cover is therefore very much for larger scale financial risks only, where the costs of claims would be impossible for the County Council to withstand from its own general reserves. These would include large scale or serious accidents where the County Council was found to be at fault, perhaps with fatalities or life-changing injuries, or for major loss of property such as County Hall.

2. Options considered and reasons for rejecting them

- 2.1.** Not having any external insurance cover at all is an unacceptable financial risk. The more considered debate is the level of deductibles (excesses) that the County Council includes within its external cover. There is a trade-off between the amount of risk the County is willing to accept, set against the amount it is

willing to pay for external insurance cover. The lower the deductible, the higher the premium will cost.

Historically, the County Council has had relatively high levels of deductibles meaning that its annual insurance premium costs are probably lower than the average, but that it will meet all the costs up to the deductible limit itself, so potentially exposing itself to more risks. Therefore, the opportunity has been taken during this tender process to test the market at both the existing deductibles and at a lower limit to reduce our risk exposure.

By way of example, bidders were asked to provide quotes for both Motor Fleet and Public Liability at £250,000 and £1,000,000 deductibles per claim, and Officers Insurance and Professional Indemnity at £100,000 and £1,000,000 deductibles per claim.

Prices quoted at each level and officer recommendations are included in Appendix A.

- 2.2.** A key option that was considered during the tender process was contract length. Officers wanted the tender to provide the maximum flexibility for the County Council over the coming years, particularly as the County Council continues to change, e.g. its delivery mechanisms, and dependant on the successful insurers' performance. In going out to tender, a decision was taken to have a contract for 3+2+2 years, with the break clauses entirely at the County Council's discretion. It was not felt prudent to have a longer initial contract, and benchmarking figures suggests that other local authorities have adopted a similar approach of typically 3-4 years.
- 2.3.** The insurance market for local authorities is quite limited, and not all potential insurers are willing to quote for every insurance cover that the County Council required. Therefore, to avoid excluding insurers and limiting our options, the tender was split into 9 "Lots", (with options for different deductibles in some Lots) allowing tenderers to bid for any number where they wished to provide a service, with potential discounts for multiple awards.
- 2.4.** Should occasion arise to call on our external insurance cover, it will inevitably be because a potentially significant incident has arisen. It will therefore be of great importance that the external insurer is able to respond to the highest possible standards. Therefore, with the agreement of the Director of Commercial and Procurement, it was agreed that the tender bids would be scored 60% price and 40% quality, instead of the usual 70/30 split. This scoring requirement was made absolutely clear to the prospective insurers in the tendering documentation.

3. Background Papers

- 3.1.** None

Brief Outline of each insurance cover

Property Combined

Building and contents cover for properties owned by SCC or for which they are responsible (including schools). Standard perils include fire, flood, theft, vandalism etc.

Property Owners

Commercial property insurance – owned by SCC and leased to a tenant. Similar perils as above. Minimal excess as there is a tenant (avoiding risk).

Works in Progress

Buildings in the course of construction or improvement, including site security.

Crime with Fidelity Guarantee

Employee fraud or dishonest acts cover.

Combined Liability (Public Liability and Employers Liability)

Employers liability covers when the employee proves that SCC as an employer has failed in their duty of care (e.g. accidents in the workplace)

Public liability covers when the claimant proves that SCC has failed in their duty or have been negligent and caused the claimant to suffer loss or damage (e.g. a tyre hitting the kerb).

Motor Fleet – comprehensive cover

Standard comprehensive motor policy for SCC employees driving our vehicles or hire vehicles for work purposes.

Personal Accident and Travel

School journeys and business travel policy, which covers injury and loss of personal items.

Engineering Inspection

To carry out the inspections under our statutory duty for plant and equipment on SCC premises, e.g. lifts.

Officials Indemnity (OI) and Professionals Indemnity (PI)

Professional indemnity covers a breach of professional duty due to any neglect, error or omission. This applied where SCC is providing a paid service to others.

Officers indemnity covers where SCC are obliged to pay compensation for financial loss by an error committed by an employee.

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