

# Cabinet

## Monday 11 February 2019

### 10.00 am Library Meeting Room - Taunton



To: The Members of the Cabinet

Cllr M Chilcott (Vice-Chair), Cllr D Fothergill (Chairman), Cllr D Hall, Cllr D Huxtable, Cllr C Lawrence, Cllr F Nicholson, Cllr F Purbrick and Cllr J Woodman

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

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk and Monitoring Officer  
- 1 February 2019

For further information about the meeting, please contact Michael Bryant or Scott Wooldridge or 01823 357628 [democraticservices@somerset.gov.uk](mailto:democraticservices@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](http://www.somerset.gov.uk/agendasandpapers)



**RNID typetalk**

## AGENDA

Item Cabinet - 10.00 am Monday 11 February 2019

**\*\* 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 23 January 2019** (Pages 9 - 14)

4 **Public Question Time**

The Chair 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 **Quarter 3 Performance Report** (Pages 15 - 60)

To consider the report

6 **Revenue Budget Monitoring Update - Quarter 3 2081/19** (Pages 61 - 82)

To consider the report

7 **Capital Investment Programme update - Quarter 3 2018/19** (Pages 83 - 98)

To consider the report

8 **Report of the Scrutiny for Policies, Adults and Health Committee on Medium Term Financial Plan 2019/20** (Pages 99 - 100)

To consider the report

9 **Medium Term Financial Plan 2019-22 and Annual Budget 2019/20** (Pages 101 - 388)

To consider the report

10 **Capital Strategy 2019-22 (Investment Strategy)** (Pages 389 - 410)

To consider the report

11 **Treasury Management Strategy 2019/20** (Pages 411 - 496)

To consider the report

**\*Consideration of item 12 will not commence before 11.30am\***

Item Cabinet - 10.00 am Monday 11 February 2019

12 **CAF 14b Proposals for the alteration and / or reduction of early help services provided to the children and thier families - getset** (Pages 497 - 574)

To consider the report

13 **Any other urgent items of business**

The Chair may raise any items of urgent business.

This page is intentionally left blank

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](mailto: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](mailto:mbryant@somerset.gov.uk)

**3 Public Question Time**

At the Chair'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 5.00pm three clear working days before the meeting**. You can send an email to [mbryant@somerset.gov.uk](mailto:mbryant@somerset.gov.uk) or send post for attention of Mike Bryant, Community Governance, County Hall, Taunton, TA1 4DY.

If you require any assistance submitting your question please contact the Democratic Services Team on 01823 357628.

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

The Chair will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chair 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) 359027 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 Chair 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.

This page is intentionally left blank



## THE CABINET

Minutes of a Meeting of the Cabinet held in the Library Meeting Room, Taunton Library, on Wednesday 23 January 2019 at 10.00am.

### PRESENT

Cllr D Fothergill (in the Chair)

Cllr M Chilcott  
Cllr D Hall  
Cllr D Huxtable  
Cllr F Nicholson  
Cllr F Purbrick  
Cllr J Woodman

Junior Cabinet members:  
Cllr G Fraschini

**Other Members present:** Cllr S Coles, Cllr H Davies, Cllr J Lock, Cllr T Lock, Cllr L Leyshon, Cllr L Redman, Cllr B Revans, Cllr A Wedderkopp

**Apologies for absence:** Cllr C Lawrence, Cllr M Pullin

#### 162 **DECLARATIONS OF INTEREST** – agenda item 2

Members of the Cabinet declared the following personal interests in their capacity as a Member of a District, City/Town or Parish Council:

Cllr M Chilcott – West Somerset District Council  
Cllr F Purbrick – Yeovil Town Council  
Cllr John Woodman – Sedgemoor District Council

#### 163 **Minutes of the meetings of the Cabinet held on 19<sup>th</sup> December 2019** - agenda item 3

The Cabinet agreed the minutes and the Chair signed these as a correct record of the proceedings.

#### 164 **Public Question Time (PQT)** – agenda item 4

The Leader of the Council, Cllr David Fothergill noted that public questions would be considered as a part of the relevant agenda item.

#### 165 **Proposed Capital Investment Programme 2019/20** - agenda item 5

The Cabinet Member for Resources, Cllr Mandy Chilcott introduced the report and made a number of points including: the Council is continuing to invest in schools, transport infrastructure, and supporting economic growth; the 2019/20 Capital Investment Programme included nearly £90m of investment; work to maximise external funding; and the potential for up to £52m of borrowing over the next 4 years.

The Cabinet proceeded to debate the report, points raised included: consideration of all available revenue streams for the schools building programme; external funding and the associated reduced reliance on

borrowing; and working with District Council's to maximise revenue from new housing developments.

The Cabinet Member for Resources, Cllr Mandy Chilcott responded to the points raised in debate, highlighting: the flexibility in the new schools building programme.

The Leader of the Council, Cllr David Fothergill opened the debate to other members present, points raised included: alternative funding sources; development in the Wilstock area of North Petherton and the associated availability of school places' the 'pot hole fund' and plans for utilising this funding; and new school developments in the east of the County.

The Leader of the Council, Cllr David Fothergill, the Cabinet Member for Resources, Cllr Mandy Chilcott the Cabinet Member for Highways and Transport, Cllr John Woodman responded to the points raised, noting: the £84m Housing Infrastructure Fund bid; the Councils proposed Investment Strategy; proposed works on the A358, A367, A361 and A358; and details of the school developments in the east of the County.

The Leader of the Council, Cllr David Fothergill noted the importance of working with both District Councils and central government.

**Following consideration of the officer report and appendices the Cabinet agreed and recommends to County Council:**

- 1. Approval of the proposed capital programme for the period 2019/20 to 2022/23 of £224.121m, shown in Appendix A. Full details of individual schemes are available online as background papers. It is to be noted there is an existing programme approved in 2018/19 that overlaps with this one;**
- 2. That the Chief Executive and the Senior Leadership Team Officer, 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 individual projects to be delivered within block allocations;**
- 3. That the Section 151 Officer is given delegated authority to accept any additional grants or funding that is made available to the County Council together with authority to consequently expand the approved capital programme, providing there are no negative revenue budget implications as a result of that action.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

The Cabinet Member for Resources, Cllr Mandy Chilcott introduced the report noting: the report details actual spend until the end of November 2018; the projected underspend; the contribution to the general fund reserve; the continued tight grip on the revenue budget; the 95% delivery of savings proposals; work to improve the Building Schools for the Future funding arrangements; and the robust action taken to address the Council's serious financial challenges.

The Cabinet heard from Nigel Behan who raised three questions regarding: the revenue budget and the associated equalisation reserve and reduction in assumed transformational costs; and the increases on the Children and Families operations and commissioning budgets.

The Cabinet Member for Resources, Cllr Mandy Chilcott responded to the questions, noting: details of the equalisation reserve; that staff exit support costs had been less than anticipated; and that increases in Children's Services budgets have largely been as a result of the increasing number of external placements for Children Looked After and the increasing cost of placements.

The Leader of the Council, Cllr David Fothergill opened the debate to other members present, points raised included: details of how the Building Schools for the Future funding agreement may be improved; and possible changes to the budget risk score (00043).

The Interim Director of Finance, Peter Lewis, responded to the points raised in debate, noting: PFI funding agreements amendments were common practice; and potential improvements to risk score 00043.

The Leader of the Council, Cllr David Fothergill noted: the difficult decisions which have been taken; the projected underspend; the use of one-off monies; and the need for fairer funding for Somerset.

**Following consideration of the officer report and appendices the Cabinet:**

- 1. Commented on the contents of this report and particularly notes the progress being made with controlling the budget for 2018/19, including the intention to partially replenish earmarked and General Fund reserves to improve the resilience of the Council for future years;**
- 2. Supported the use for urgency and agreed the expansion of the Capital Investment Programme to incorporate the recently announced additional funds from the Department for Transport for Local Highways Maintenance.**
- 3. Delegated to the Council's Chief Finance (S151) Officer, in consultation with the Cabinet Member for Resources, the authority to sign a new Building Schools for the Future Public Finance Initiative (PFI) contract on behalf of the Council if the evidence shows that it will be a long-term benefit to the Council. See paragraph 2.9**

**Note – the Chair of Scrutiny Committee for Policies and Place has agreed the case for urgency for the decision relating to recommendation 2 to enable that decision to be taken by Cabinet and reported to the next meeting of Full Council.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

167 **National Funding Formula for Schools and High Needs 2019/20 – agenda item 7**

The Cabinet Member for Education and Transformation, Cllr Faye Purbrick introduced the report, noting: her thanks to officers and the Schools Forum; the complex process and formula; and that if Somerset were funded at the national average level this would result in a 4.5% increase.

The Cabinet Member for Children and Families, Cllr Frances Nicholson added to the points raised by Cllr Purbrick highlighting the potential £8m increase in funding if Somerset were funded at the national average level.

The Strategic Finance Manager – Adults, Health and Children's, Elizabeth Watkin added to the points raised by the Cabinet Members, noting that the Department for Education was moving to a hard National Funding Formula.

The Cabinet proceeded to debate the report, points raised included: the importance of continuing to lobby government regarding fairer funding; the historic layering of previous funding systems; the Comprehensive Spending Review; the F40 group of lowest funded authorities; and deprivation and rural poverty.

The Cabinet Member for Children and Families, Cllr Frances Nicholson noted changed to High Needs Funding and the child's legal right to support.

The Leader of the Council, Cllr David Fothergill noted the importance of working with the F40 group regarding fairer funding and requested the Director of Children's Services and Director of Corporate Affairs prepare a presentation to given to local MP's.

**Following consideration of the officer report the Cabinet resolved to:**

- 1. Approve the allocation of Dedicated Schools Grant 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 2019/20 (total allocation received 17 December 2018) to the Cabinet Member for Children and Families, the Cabinet Member for Education and Transformation and the Cabinet Member for Resources.**

3. **Request the Cabinet Member for Education and Transformation and the Cabinet Member for Children and Families write to the relevant Secretary(s) of State to set out a request for additional DSG funding to be allocated to Somerset Schools and taken into account as part of the Government's Comprehensive Spending Review in 2019/20**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

**168 Admission Arrangements for Voluntary Controlled and Community School 2020/21 – agenda item 8**

The Cabinet Member for Education and Transformation, Cllr Faye Purbrick introduced the report, noting: there was no change to the previous admissions policy; and the Council was good at ensuring children were offered their first choice of school place.

The Leader of the Council, Cllr David Fothergill raised questions about the potential for delayed school entry and how it impacted on parents and children. He asked that information regarding this and where parents could find out more be included within the admission arrangements and the council's website.

The Service Manager – Access Admissions and Entitlements, Jane Seaman responded, noting that: some schools continue to offer staggered entry, but the Council inform parents that they can request a full-time school place; and that if parents are unhappy with their child's proposed entry arrangements they should raise directly with the relevant school.

**Following consideration of the officer report the Cabinet agreed the determination of the Admission Arrangements for all Voluntary Controlled and Community Schools for 2020/21 as set out in this report, noting that there are no proposed amendments as the current arrangements are fit for purpose.**

**169 Any other urgent items of business – agenda item 9**

There was no other business.

**(The meeting ended at 11.10pm)**

**CHAIR**

This page is intentionally left blank

Somerset County Council

Cabinet

11<sup>th</sup> February 2019

**Corporate Performance Report - End of December (Q3 2018/19)**

Cabinet Member(s): Cllr David Fothergill, Leader of the Council

Division and Local Member(s): All

Lead Officer: Simon Clifford, Director – Corporate Affairs

Report Author: Ryszard Rusinek, Performance Officer – Planning & Performance

Contact Details: (01823) 359895 [RRusinek@somerset.gov.uk](mailto:RRusinek@somerset.gov.uk)

<b>Report Sign Off:</b>	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
	Monitoring Officer	Scott Wooldridge	29/01/2019
	Corporate Finance	Peter Lewis	29/01/2019
	Human Resources	Chris Squire	29/01/2019
	Adults Services	Stephen Chandler	29/01/2019
	Childrens Services	Julian Wooster	29/01/2019
	ECI Services	Paula Hewitt	29/01/2019
	Public Health	Trudi Grant	29/01/2019
	Corporate Affairs	Simon Clifford	29/01/2019
	Local Member(s)	N/A	
Cabinet Member	Cllr David Fothergill	29/01/2019	
<b>Informed:</b>	Opposition Spokesperson(s)	Cllr Jane Lock Cllr Liz Leyshon	01/02/2019
	Relevant Scrutiny Chair(s)	Cllr Anna Groskop Cllr Hazel Prior-Sankey Cllr Leigh Redman	01/02/2019
<b>Forward Plan Reference:</b>	Forward Plan reference: FP/19/01/17 Notice of proposed decision first published: 23/01/2019		
<b>Summary:</b>	<p>This report provides members with the high-level information they need to lead and manage the performance of the outcomes set out in the Council’s Vision and reflects the Council’s ongoing progress towards the outcomes laid out in the Council’s Business Plan. The measures used to support this report come from across the Council’s services and are a subset of the measures monitored regularly by SLT.</p> <p>This report provides the latest information available in the period up until 31<sup>st</sup> December 2018. Discussions regarding performance issues should take account of any additional information that may be available following production of this report.</p> <p>This report does not seek to replace the existing financial or risk reporting for Cabinet, and so should be viewed in context alongside corporate finance and risk reports to give a greater level of understanding.</p>		

<p><b>Recommendations:</b></p>	<p><b>Cabinet is asked to:</b></p> <ol style="list-style-type: none"> <li><b>1. Consider and comment on the information contained within this report.</b></li> <li><b>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.</b></li> <li><b>3. Subject to any amendments agreed under the above points, to agree this report and any appendices as the latest position for Somerset County Council against its Council Vision.</b></li> </ol>						
<p><b>Reasons for Recommendations:</b></p>	<p>To ensure effective monitoring and management of the performance of the Council towards the outcomes laid out in the Council's Business Plan.</p>						
<p><b>Links to Priorities and Impact on Service Plans:</b></p>	<p>This report links to all aspects of the County Vision and forms a vital part of the performance management framework in place across the Council. 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 Business Plan.</p>						
<p><b>Consultations undertaken:</b></p>	<p>Key messages have been approved by Directors, Lead Commissioners and Cabinet Lead Members.</p>						
<p><b>Financial Implications:</b></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. Conversely, performance above or below the desired level may imply that the Council is not securing best value for money from its resources.</p>						
<p><b>Legal Implications:</b></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><b>HR Implications:</b></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>						
<p><b>Risk Implications:</b></p>	<p>The performance highlighted in this report can impact on one or more of the Council risks as detailed in the Council's Risk Report.</p> <table border="1" data-bbox="528 1809 1481 1850"> <tr> <td><b>Likelihood</b></td> <td><b>N/A</b></td> <td><b>Impact</b></td> <td><b>N/A</b></td> <td><b>Risk Score</b></td> <td><b>N/A</b></td> </tr> </table>	<b>Likelihood</b>	<b>N/A</b>	<b>Impact</b>	<b>N/A</b>	<b>Risk Score</b>	<b>N/A</b>
<b>Likelihood</b>	<b>N/A</b>	<b>Impact</b>	<b>N/A</b>	<b>Risk Score</b>	<b>N/A</b>		
<p><b>Other Implications (including due regard implications):</b></p>	<p>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.</p>						



<b>Scrutiny comments / recommendation (if any):</b>	Not applicable
---	----------------

## 1. Background

1.1 Further background to this report is set out in appendix A

## 2. Areas for consideration

2.1 The latest performance information is set out in appendix A, however to aid Cabinet's discussion the following areas of success and concern have been highlighted by the Senior Leadership Team.

Please note that due to reporting timelines the Q3 CYPP papers have not yet been signed off and so only limited highlight information has been provided for this report from each CYPP programme. Full CYPP papers will be published at a later date.

### 2.2 Areas of success

- **Revenue Budget - Projected Outturn Position for 2018/19** – Now reporting an underspend. - (Pg. 8)
- **Libraries Redesign** – For 13 library buildings, expressions of interest were received to take part in Community Library Partnerships and therefore these library buildings are set to remain open until at least 31 March 2019 whilst work progresses to develop Community Library Partnership agreements. – (Pg. 9)
- **Western Corridor, Yeovil** – Excellent progress made following successful period of night works. Lysander Road Junction operational before Xmas (earlier than previously advertised). – (Pg. 12)
- **CYPP Programme 6** (Achieving effective multi-agency support for more vulnerable children and young people and developing an excellent children's social work service)
  - The intervention of the Community Adolescent Team (CAT) has shown increased improvement – of 73 interventions, only 3 were stepped up to Children's social care (CSC) and the remainder where managed in the community.
  - Since the work on raising awareness of neglect in 2018, the number of Early Help Assessments (EHAs) raised about neglect and closed with improved outcomes has risen from 70% in Qtr. 2 to 84% in Qtr. 3. - (Pg. 16)
- **CYPP Programme 2** (Promoting healthy outcomes and giving children the best start in life)
  - Work is progressing and beginning to deliver improved outcomes, we have also made significant progress in joining up work to address social, emotional and mental health needs (SEMH) across health, education and care.

- The health and well-being survey has been completed, gaining views from over 7,000 children across schools in Somerset.
  - The infant feeding and nutrition strategy has resulted in a statistically significant increase in breastfeeding rates in our 20 % most deprived communities at 6-8 weeks, from 27% in 2013/14 to 37% in 2017/18. Against a nationally declining rate. This work has been submitted for publication at Local Government Association (LGA) and Public Health England (PHE) conferences. (Pg. 26)
- **Percentage of Good/Outstanding CQC Rated Provision (Adult Social Care)** – Steady progress saw this measure achieve the target for the first time in August and this performance has been sustained through to December. We exceed both the regional and national benchmark. – (Pg. 28)
  - **Percentage of users using self-directed support (given a personal budget or in receipt of a direct payment)** – Changes to the way assessments are recorded introduced in August as well as a validation exercise have seen a significant improvement in performance since October. – (Pg. 29)
  - **Delayed Transfers of Care** – The last three months have seen continued improvement in the ASC attributable delays culminating in being below target in December. This has been achieved through enhancing the discharge process and focus within Community Hospitals, where DToC performance was shown to be worse than within Acutes. The additional central government funding has been utilised to tackle some of the resource issues as well as increase Home First capacity, ensuring more people have the opportunity to go home with the right support. Performance in December is very good with the **lowest ever recorded system DToC figure**. This has been achieved via a number of factors including, increased Home First capacity, focussed work on supporting and monitoring people on the HF pathways, a greater focus on community hospital delays, utilising community agents to assist discharge and improved partnership working with the acute discharge teams. – (Pgs. 30 and 31)

### 2.3 Areas of concern

- **Connecting Devon and Somerset Phase 2 (part 2)** – Concerns about the delivery and roll-out timescales of the lots in the phase 2 programme awarded to Gigaclear. The CDS partnership is in dialogue with the company's new owners, Infracapital, about their future proposals and a CDS Board meeting will consider the partnership's options and response to Infracapital about this. – (Pg. 10)
- **CYPP Programme 4 (Building Skills for Life)** - A lot of effective work taking place to support schools working with disadvantaged pupils and to work to support disadvantage pupils, but this is not translating into consistently improved educational outcomes throughout the county i.e.

2018 outcomes at KS2 and KS4 saw us slipping behind the national averages and gaps in performance between vulnerable groups and their peers widened. As the results are finalised in January a more detailed report and analysis will be produced at a later date. - (Page 22)

- **CYPP Programme 7** (Embedding a think family approach across the workforce) - Social worker recruitment and retention targets have both decreased this quarter. Establishing a stable permanent Social Work workforce remains challenging and is the same nationally. It is recognised that the best way to achieve this is by growing our own, which takes time. However, the Workforce Strategy to support children's social care is in progress including new routes into Social work in Somerset – a Yeovil College Social work Degree Programme offered through the University of Gloucestershire. – (Pg. 26)

### 3. Background Papers

#### 3.1 County Vision

<http://democracy.somerset.gov.uk/ieListDocuments.aspx?CIId=134&MIId=377>

#### 3.2 Business Plan

<https://www.somerset.digital/businessplan/>

#### 3.3 Somerset Children and Young People's Plan

<http://www.somerset.gov.uk/policies-and-plans/plans/children-and-young-peoples-plan/>

#### 3.4 Promoting Independence & Person-Centred Approaches in Adult Social Care 2018/19 Strategy

<http://democracy.somerset.gov.uk/documents/s6459/ASC%20Appendix%20%20Promoting%20Independence%20Strategy.pdf>

This page is intentionally left blank

# END OF DECEMBER (Q3 18/19) CORPORATE PERFORMANCE CABINET REPORT



## Our Vision 'Improving Lives'



### The County Council Vision

Our Vision is all about improving lives by creating:

- A thriving and productive County that is ambitious, confident and focussed on improving people's lives.
- A County of resilient, well-connected and compassionate communities working to reduce inequalities.
- A County where all partners actively work together for the benefit of our residents, communities and businesses and the environment in which we all live.
- A County that provides you with right information, advice and guidance to help you help yourself and targets support to those who need it most.

### Business Plan

Our Business Plan explains how we will work towards this Vision over the next three years.

The Business Plan contains four strategic outcomes that show what the Council will focus on to deliver its Vision and improve lives. Beneath each strategic outcome sits four key priorities and a range of activities. By lining up these activities, priorities and strategic outcomes with the Vision we can plan ahead, monitor progress and above all ensure that we are working within our financial means.

To view our interactive online business plan please go to [www.somerset.digital/businessplan](http://www.somerset.digital/businessplan)

### Meeting the Council's challenges: sustainability, quality and focus

Underpinning the four strategic outcomes is the fact that the Council must be confident and capable if it is to deliver the Vision and Business Plan. These organisational priorities fall into three broad categories and a set of activities that will equip it to deal with the challenges, and grasp the opportunities, ahead. The Council will use them to develop and deliver its service plans and thereby underpin the outcomes in the business plan.

***Our Vision sets out what we want for Somerset.  
Our Business Plan explains how we will achieve this.***

## Our Vision 'Improving Lives'



### Outcome 1

A county infrastructure that drives productivity, supports economic prosperity and sustainable public services

#### Key Priorities

- Ensure that the Council is financially sustainable
- Enable economic and housing growth
- Create the climate for enterprise and innovation that businesses need to grow and collaborate.
- Deliver the Heart of the South West Productivity Strategy and influence the local Industrial Strategy for the benefit of Somerset.



### Outcome 2

Safe, vibrant and well-balanced communities able to enjoy and benefit from the natural environment

#### Key Priorities

- Support development of stronger communities including working with them to increase their resilience.
- Work with partners and communities to protect and enhance the environment, manage our water better and produce less waste.
- Make sure that Somerset remains a safe place to live, work and visit.
- Support and promote enjoyment of Somerset's heritage, culture and natural environment



### Outcome 3

Fairer life chances and opportunity for all

#### Key Priorities

- Tackle inequalities and poor social mobility across Somerset so everyone can realise their potential and give more to our economy and society.
- Maintain the Council's focus and commitment to make Somerset a place where all children are healthy, safe, and have good physical and emotional wellbeing.
- Ensure all children in Somerset have access to high quality schools, high quality educational, professional and support services, teachers and leadership teams.
- Equip Somerset's workforce of the future with the skills they need, and enable them to aspire and achieve in Somerset's economy.



### Outcome 4

Improved health and wellbeing and more people living healthy and independent lives for longer

#### Key Priorities

- Explore, define and implement robust health and social care integration
- Focus efforts towards improving health and wellbeing outcomes, especially for those in greatest need.
- Foster an environment which promotes healthier choices and support people to take responsibility for their own health and wellbeing.
- Support people to remain independent and within their homes and communities, without formal social care support wherever possible and for as long as possible.

Meeting the Council's challenges: sustainability, quality and focus

## Purpose of the Report

This report reflects the Council's ongoing progress towards the priorities laid out in the Business Plan. The measures used to support this report come from across the Council and are a subset of the measures monitored monthly by SLT.

This report sets out the key activities and measures used to check our performance for the year against the priorities we are working towards.

Further detail is given in relation to a set of business performance indicators covering finances, customer focus, and our workforce.

This report does not contain details of the numerous other activities ongoing in each service area that also contribute to delivering what is important and will make a difference to all in Somerset.




Further information about how the Council monitors and reports on performance can be found on the Council website ([www.somerset.gov.uk](http://www.somerset.gov.uk))

For any other information please contact the Planning and Performance Team at [Performance@somerset.gov.uk](mailto:Performance@somerset.gov.uk)

## Key to KPI ratings used

This report includes Key Performance Indicators (KPIs), where progress is assessed against targets and project updates.

Performance is shown using Performance Ratings, progress is shown in terms of Direction of Performance (DOP) through the use of arrows.

Performance Ratings	
<b>G</b>	Performance is on or exceeding target. Project is on target.
<b>A</b>	Performance is off target but within tolerance. Project requires attention.
<b>R</b>	Performance is off target and outside tolerance. Project is off target.
<b>B</b>	Metric discontinued. Project is closed.
Direction of Performance	
	Performance is improving. Project has achieved a milestone.
	Performance is steady. Project is progressing.
	Performance is declining. Project has missed or at risk of missing milestones.

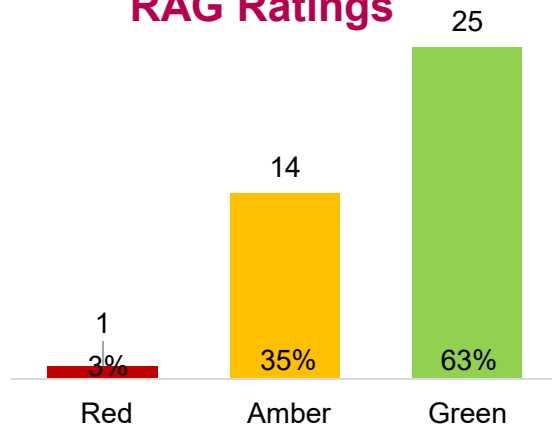


# High level Summary

	RAG Rating			Direction of Performance*		
	G	A	R	↑	→	↓
A county infrastructure that drives productivity, supports economic prosperity and sustainable public services	6	6	1	2	1	0
Safe, vibrant and well-balanced communities able to enjoy and benefit from the natural environment	7	2	0	2	4	0
Fairer life chances and opportunity for all	3	2	0	3	1	1
Improved health and wellbeing and more people living healthy and independent lives for longer	9	4	0	9	2	2
<b>TOTAL</b>	<b>25</b>	<b>14</b>	<b>1</b>	<b>16</b>	<b>8</b>	<b>3</b>

Page 25

## RAG Ratings

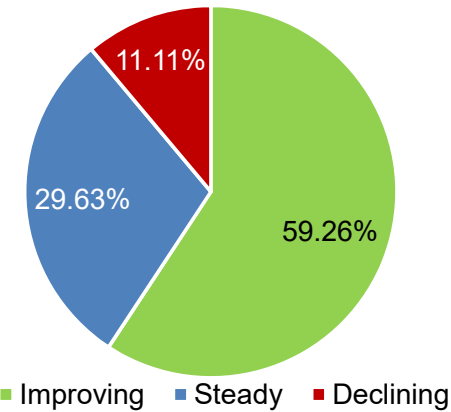


**63%**  
of measures rated as on or exceeding target



**59.26%**  
of measures rated as

## Direction of Performance



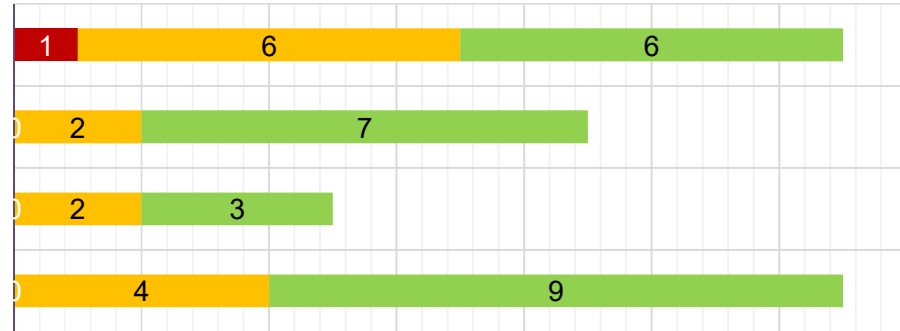
\*Not all measures carry a direction of performance therefore total numbers will not match total number of RAG ratings

# Summary by Vision Outcomes

■ Red ■ Amber ■ Green

0 2 4 6 8 10 12 14

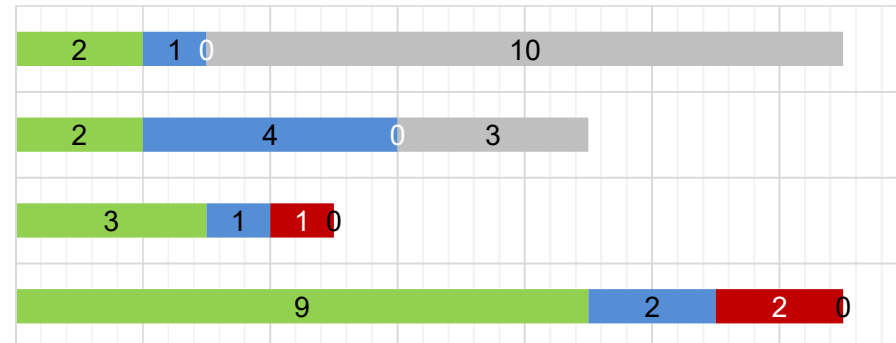
- Outcome 1 - A county infrastructure that drives productivity, supports economic prosperity and sustainable public services
- Outcome 2 - Safe, vibrant and well-balanced communities able to enjoy and benefit from the natural environment
- Outcome 3 - Fairer life chances and opportunity for all
- Outcome 4 - Improved health and wellbeing and more people living healthy and independent lives for longer




■ Improving ■ Steady ■ Declining ■ No direction captured\*

0 2 4 6 8 10 12 14

- Outcome 1 - A county infrastructure that drives productivity, supports economic prosperity and sustainable public services
- Outcome 2 - Safe, vibrant and well-balanced communities able to enjoy and benefit from the natural environment
- Outcome 3 - Fairer life chances and opportunity for all
- Outcome 4 - Improved health and wellbeing and more people living healthy and independent lives for longer



\*Not all measures carry a direction of performance therefore total numbers will not match total number of RAG ratings

Revenue Budget - Projected Outturn Position for 2018/19							G	↑	
Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Jul-18	Aug-18	Q2 18/19	Q3 18/19		
£10.054M	£9.777M	£7.741M	£2.18M	£11.4M	£3.320M	£3.158M	-£1.067M		
Overspend	Overspend	Overspend	Overspend	Overspend	Overspend	Overspend	Underspend		
R	R	↑	R	↑	R	↑	R	↑	G

In the month 8 report, Cabinet learned that an underspend, of just under £1m, was being projected for the first time in 2018/19. This quarter 3 report, based upon actual spending to the end of December 2018, now shows a continuation of that trend, with an underspend of £1.067m being projected. This is a 0.3% variance on a revenue budget of £317.882m.

In addition to this projected underspend, opportunity has been taken to make a further contribution to reserves and to release some pressure on the need to use Capital Receipts Flexibilities to support the revenue budget. Both of these adjustments will further improve the resilience of the Council and the robustness of the accounts.

In addition to the strong grip on the revenue budget and the consistent delivery of planned savings, the most significant improvements to the revenue account between month 8 and month 9 are the introduction to the monitoring projection of the refund of the Government levy money (£1.031m mentioned in the month 8 report), a range of favourable service forecasts totalling £1.646m (as detailed later in the report) and the release of nearly £0.800m from the contingency. With regard to the latter, it is judged that only £2.000m needs to remain in the contingency for the rest of the financial year to underwrite unexpected financial challenges.

This quarterly report also sets out a projection of the reserves as at the end of 2018/19. It is encouraging that it is anticipated that the General Fund reserve will reach of total of £11.637m, plus any residual underspend, at the year end, when in September it was thought that it would only reach £7.796m. This improvement is significant in terms of the standing of the Council and for its resilience to deal with the challenges that the Spending Review 2019 (SR2019) and the Fair Funding Review (FFR) might bring for 2020/21.

At this relatively late stage of the year, it is planned to now use £1.362m of the corporate contingency total of £3.382m for the following:

- £0.442m to compensate Corporate and Support Services for reduced overhead recovery from Support Services for Education (SSE) services;
- £0.140m to support the Local Assistance Scheme programme costs within Adult Social Care, and;
- £0.800m contribution to the General Fund to support future resilience.

More detail on this measure is available in the 2018/19 Revenue Budget Monitoring – Quarter 3 report which is presented alongside this paper.

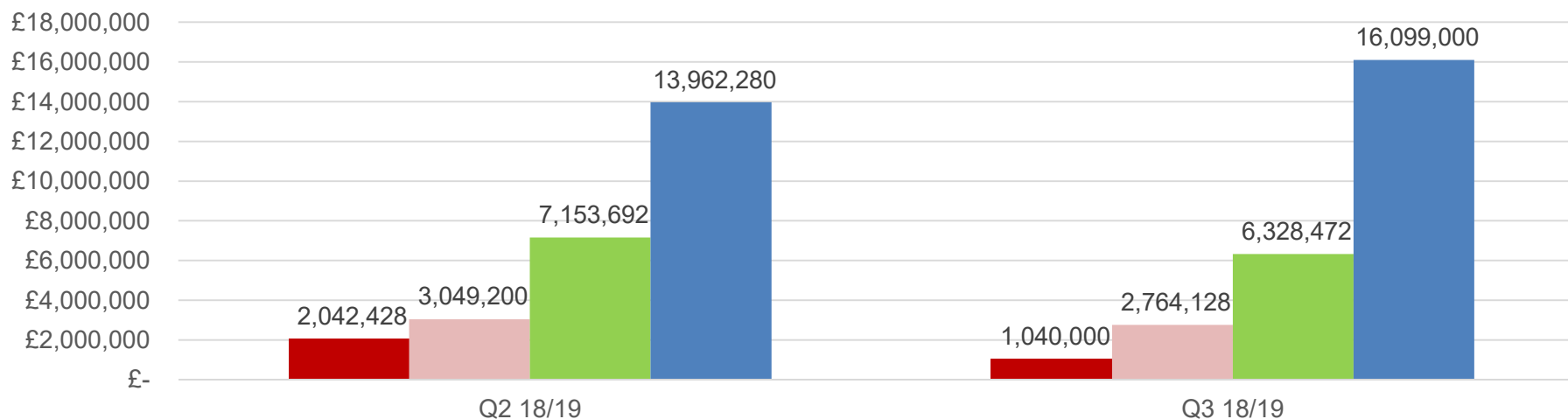
## The Projected Delivery of the 2018/19 MTFP Proposals (£M)

A



	Q2 18/19 (£M)		Q3 18/19 (£M)	
Red Uncontrolled (£M)	2,042,428	7.79%	1,040,000	3.96%
Red Controlled (£M)	3,049,200	11.63%	2,764,128	10.54%
Green (£M)	7,153,692	27.30%	6,328,472	24.13%
Blue (£M)	13,962,280	53.28%	16,099,000	61.37%
	<b>26,207,600</b>		<b>26,231,600</b>	

- **Red (uncontrolled):** This means the saving has been identified as being at risk of delivery and plans to replace the saving have not yet been agreed
- **Red (controlled):** This means the saving has been acknowledged as undeliverable and the consequences are being managed through offsetting measures.
- **Green:** The saving is on track for delivery.
- **Blue:** The saving has been delivered.



Following a change in the way we monitor our savings intentions it is not possible not also show figures for Q1.

The Medium Term Financial Plan (MTFP) sets the funding for the County Vision and the use of those funds is then monitored throughout the year to ensure delivery of Council objectives and actions within the resources available. Any MTFP savings that are not delivered and are not replaced by mitigating proposals will impact on the overall financial position for the current year and possibly into future years.

Therefore, 96% of savings are either delivered, on track to be delivered, or being managed through offsetting measures. Mitigations are being developed for the remaining 4%

## Embed our People Strategy

A



Over 220 colleagues in Somerset County Council (inc. Maintained Schools) are now studying for apprenticeship qualifications.

People Strategy had a delay in implementation due to Financial Imperative Programme, but this is now being implemented as a key part of Organisational Design work

Next Steps:

- Finalise Delivery Plan for People Strategy, review prioritisation of initiative roll-out to complement / support the organisations Financial Imperative and Culture work. Delay in completing the plan due to conflicting Financial Imperative work.
- Signed off Delivery Plan will be published and engage / communicate with staff.
- Chris Squire to run series of staff engagement events (focus on staff survey results from February).
- Report produced on the survey results includes key next steps and initiatives; these tie in with themes from the Strategy and therefore start to prioritise them 'we will' statements.

In time progress will be monitored and updates provided via appropriate channels (both 'formal' i.e. scorecards, and 'informal' e.g. Our Somerset blogs and the like).

## Libraries Redesign

A



The future of Somerset's Libraries Service was decided by Cabinet on 5 November:

- 19 existing library buildings are to continue to be funded and managed by SCC
- For 13 of the remaining 15 library buildings, expressions of interest were received to take part in Community Library Partnerships and therefore these library buildings are set to remain open until at least 31 March 2019 whilst work progresses to develop Community Library Partnership agreements.
- For two libraries – Highbridge and Sunningdale, no expressions of interest were received and so these libraries closed at the end of December. Outreach services are being provided for these communities.
- The workforce redevelopment continues with all staff receiving interview training and HR packs in December setting out the new library roles on offer from 1 April. Interviews are planned for February.

**Project Update:**

- All 6 lots were awarded with 5 of the 6 lots being awarded to Gigaclear (GC) and Lot 4 awarded to Airband.
- Although project mobilisation commenced GC mobilisation was delayed and the collapse of Carillion impacted the mobilisation.
- GC continued to work with Telent (a Carillion company) and provided a mitigation plan including the appointment of a second T1 contractor - MacNicholas.
- GC was informed that the change request delivery timeline must be met to comply with funding requirements. A remedial plan was provided in March 2018 which had impact on the delivery. These proposals suggested that slippage would be corrected by June 2020.
- Gigaclear has not achieved the milestones in the revised March 2018 plans. GC has confirmed that it will not be able to make the target dates.
- Grant funders have been updated on the changes which may be required to the funding profile.
- Ongoing discussions with GC regarding the current status of the remedial plan and associated technical, financial and contractual changes which may be required. Discussions have commenced with grant funding partners who have indicated a willingness to extend funding timelines, but this is subject to assurance and treasury approval.
- Airband has commenced build and is proceeding largely on track given the later start of its contract. AB CR has now been approved and is completed.

**Milestones and Next steps:**

- Discussions with Gigaclear and its financial backers are planned for 24th January.
  - Discussions with funders continue.
- Once these conversations have taken place agreement can be reached on the way forward.

## Completion of Colley Lane, Bridgwater

G



**Project/Programme Update (latest position):** Construction Underway. Programme - On Track

### Milestones:

- Northern Abutment to Somerset Bridge
- Southern Abutment to Somerset Bridge

### Next Steps:

- Somerset Bridge formwork for parapet.
- Southern Abutment to Somerset Bridge continue with drainage/outfall works.
- Northern Abutment continue with drainage/outfall works.
- Other Areas surfacing works to northern access point into site.

## Completion of Junction 25 of the M5

G



**Project/Programme Update (latest position):**

### Programme

- Award Contract January 2019 \*(assume no Negotiation Phase)
- Construction commencement March 2019
- Construction complete end of March 2021

### Milestones:

- 19/12/18 Cabinet decision to award contract
- Construction to commence March 19

### Next Steps:

- Complete Section 6 Agreement with Highways England
- Suppliers to be notified of tender outcome following Cabinet decision
- Site clearance work planned for January

## Completion of Western Corridor, Yeovil

G



Excellent progress made following successful period of night works.  
Lysander Road Junction operational before Xmas (earlier than previously advertised).

## Shadow Sub National Transport Body

G



### **Project/Programme Update (latest position):**

Transport for the South West Peninsula is an emerging Shadow Sub National Transport Body (SSTB). It is a partnership of local authorities and other key partners and agencies. It has been convened to provide a single overview, and to engage with government, on strategic transport priorities across the region and to work towards securing the necessary investment funding. The SSTB will also develop a business case for the establishment of a statutory sub national body that will receive devolved powers from central government.

It is being recommended to the 3rd October and 8th November meetings that there is no single lead authority but that the governance roles are shared among the authorities. This is thought to better present a united front. Somerset CC is taking the lead on governance. Cornwall CC will take on the technical lead role. A set of key messages, narrative, leaflet and website are being agreed to support the formal launch in November. It has now been agreed that the Shadow Body will be known as 'Peninsula Transport'.

### **Milestones:**

- 19th September - Directors Meeting to approve draft constitution and collaboration agreement
- 3rd October - Informal Board meeting to ratify constitution and collaboration agreement and agree content of stakeholder leaflet.
- 5th November - all authorities formally sign off governance, collaboration agreement and budget
- 8th November - first formal meeting of the Shadow Board to adopt governance and budget arrangements .
- Next board meeting on 1st March 2019.

### **Next steps:**

- Gain agreement to governance arrangements; gain budgetary approval; agree content of stakeholder leaflet .
- Formal adoption of the Communications and Engagement Plan at the Nov 8th meeting will lead to the start of activity, including a website and social media accounts



## Completion of Station improvements

G



**Taunton Station** - The project is currently on time and on budget for delivery. A public launch event took place in early November. A contract is due to be awarded in the new year for the detailed design and construction.

**Bridgwater Station** - The project is currently on time and on budget for delivery. GWR are progressing with the development of the design.

## New Enterprise Centres

A



### Project/Programme Update (latest position):

Work is ongoing to progress SCC's programme of new enterprise centres, combining work to secure external funding for schemes in the programme alongside SCC's capital investment and programme management of the delivery of these schemes. Highbridge enterprise centre phase 2 was completed in 2018 and is now available for occupancy with initial tenants secured. Funding packages are in place for phase one of new enterprise centres at Wells and Wiveliscombe but, due to costs pressures identified at the construction tender phase, the designs of both schemes have been amended and revised planning permission is being sought in both cases. Following endorsement of an outline business case for ERDF funding for the first phase of an enterprise centre on SCC owned land in Bruton, a full business case has been lodged with MHCLG and in parallel a planning application submitted for this scheme.

### Milestones:

- Launch event for Highbridge enterprise centre phase 2 – November 2018
- Full business case for Bruton enterprise centre phase 1 submitted to MHCLG – November 2018
- Planning application for Bruton enterprise centre phase 1 validated by SSDC – December 2018
- Revised planning applications submitted to MDC and TDBC for phase 1 of Wells and Wiveliscombe enterprise centres – January 2019

### Next steps:

- Decisions on revised planning applications for phase 1 of Wells and Wiveliscombe enterprise centres – estimated March 2019
- Decisions on ERDF full business case and planning application for phase 1 of Bruton enterprise centres – estimated by spring 2019
- Commencement of development of phase 1 of Wells and Wiveliscombe enterprise centres – summer 2019
- Completion of development of phase 1 of Wells and Wiveliscombe enterprise centres – summer 2020

**SEIC phase 1:**

3000m<sup>2</sup> of flexible office, meeting and informal networking space developed on land at Woodlands Business Park, Bridgwater. Construction completed 2015. SCC procured a Management Operator to manage the Centre and provide business support services to businesses wishing to work in the low carbon energy and nuclear sector. SWMAS Ltd a consortium of Somerset Chamber of Commerce & Business West was appointed Operators of the Centre in 2016. Currently there are 40 tenants (100% occupancy) and over 100 SMEs have been provided with business support.

**SEIC phase 2:**

2000m<sup>2</sup> of flexible office, meeting and light industrial workspace has been developed adjacent to Phase 1 on the site at Woodlands business Park, Bridgwater. Funded by SCC, HotSW LEP Growth Deal and European Regional Development Funding (ERDF).

**Milestones:**

- Full funding package secured. (ERDF element resilient to Brexit as Treasury financial cover is in place for the programme.)
- Construction commenced on site September 2017.
- Operator procurement event held for prospective operators in May 2018 and publication of tender being organised for spring 2019, progress has been restricted due to long term absence of commissioning manager and a frozen post but is being addressed through short term arrangement to add to capacity for this particular area. In addition interim arrangements are being put in place to respond to interest in occupancy prior to the operator being appointed.
- Construction completed and handed over to SCC end of November 2018.

**Next Steps:**

- Procurement exercise underway to secure a Management Operator for both SEIC phases 2 and 3
- Centre to open Autumn 2019

**SEIC phase 3:**

Phase 3 of SEIC completes the campus of buildings to support low carbon energy innovation in Somerset. The building is planned to provide office, light industrial and demonstration space suitable for non-destruction testing, robotics etc.

**Milestones:**

- Site purchased, and planning permission granted

**Next Steps:**

- Submit full business case to secure Heart of South West Growth Deal funding
- Procure suitable management operator for SEIC phases 2 and 3

**Project/Programme Update (latest position):**

The project comprises development of a 2,398 m2 research, design and innovation centre in Yeovil to support the aerospace and associated high-value design and engineering technology supply chains.

Following an officer key decision, Wilmott Dixon has been identified as the construction contractor for the iAero (Yeovil) Centre and has undertaken pre-construction activity. Good progress is being made with Growth Deal 3 funding now having been awarded to the project subject to pre-funding agreement conditions being met and SCC having recently received a European Regional Development Fund (ERDF) funding agreement from the Ministry for Housing, Communities and Local Government (MHCLG).

**Milestones:**

- Pre-construction activity undertaken - October to December 2018
- Full business case for iAero (Yeovil) Centre approved by Heart of the South West LEP and £3,832,785 Growth Deal 3 funding awarded subject to conditions being met – December 2018
- ERDF pre-funding agreement conditions met and £3,049,240 ERDF funding agreement for the iAero (Yeovil) Centre received by SCC – January 2019

**Next steps:**

- SCC entering into ERDF and Growth Deal funding agreements for the iAero (Yeovil) Centre with the Ministry for Housing and Local Government and Heart of the South West LEP respectively – February 2019
- SCC and Leonardo Helicopters to finalise and enter into land lease agreement for iAero site - February 2019
- Construction contract between SCC and Wilmott Dixon, under the Scape Major Works Framework, to be completed – February 2019
- Construction of iAero (Yeovil) Centre – Spring 2019 to Summer 2020
- Procurement process to appoint an operator for the iAero (Yeovil) Centre – Estimated completion December 2019

### CYPP 1 - Supporting children, families and communities to be more resilient

G



The current status for this programme in Quarter 3 is **GREEN**. All actions on track for end of year completion

#### Achievements:

- New Local Offer site has launched and is showing good levels of use with an average of 530 weekly site users.

### CYPP 6 - Effective multi-agency support and developing an excellent children's social work service

A



Programme 6 currently holds a status in quarter 3 of **AMBER**

#### Achievements:

- The intervention of the CAT has shown increased improvement – of 73 interventions, only 3 were stepped up to CSC and the remainder were managed in the community.
- Since the work on raising awareness of neglect in 2018, the number of EHAs raised about neglect and closed with improved outcomes has risen (from Qtr 2 to Qtr. 3 70 to 84%)
- The Workforce Strategy to support children's social care is in progress including new routes into Social work in Somerset – a Yeovil College Social work Degree Programme offered through the University of Gloucestershire.

### Trading Standards: Consumer Safety

G



In the third quarter of 2018/19

- We have carried out 38 scam victim interventions and 6 scam victim visits.
- We have taken 20 safety samples.
- We have undertaken 61 Animal Health, Welfare and Disease Visits at Markets
- We have undertaken 114 Farm Visits (risk assessed using earned recognition)

Cumulatively this adds up to the following for the year (1 April to 31 December):

- Scam victim interventions: 213, Scam victim visits: 19
- Special safety at sports grounds certificates: 1
- Animal Health, Welfare and disease at markets: 220
- Farm visits: 244

We still continue to post messages most days on social media. And we continue to release press articles and email newsletters to consumers and businesses.

## Multi-Agency Risk Assessment Conference (MARAC)

G



<b>Description</b>	The number of high risk domestic abuse cases that are discussed as part of a MARAC process					
<b>Target</b>	<638 (an average of the previous 2 years)					
	<b>Q4 17/18</b>		<b>Q1 18/19</b>		<b>Q2 18/19</b>	
	669		611		531	
	G	→	G	↑	G	↑

### Commentary and actions to be taken

Somerset County Council are leading work to improve the way in which it, and other agencies, work together to assess and plan for the safety of the most high risk domestic abuse victims.

Currently, all high risk victims are referred to a multi-agency risk assessment conference (MARAC), however, recent review work has found that this may not always be a proportionate or timely response, and there could be opportunities for improving this partnership work. In addition, national funds for resourcing MARAC has ended, meaning that is no longer a sustainable model in its current form.

A new model has been agreed and a number of measures have been put in place to monitor the success and quality of the process. In short, the new process will enable safety planning to take place in a more flexible way. This may be with or without a meeting, or by meeting virtually, however the lead practitioner feels is necessary to put in place a plan in a in a timely way involving all necessary partner agencies. The new model began a phased implementation in November 2018

Over the summer, Avon and Somerset Police, as part of their work to improve the Multi-Agency Risk Assessment Conference (MARAC) process across the force area, began to utilise a new set of MARAC guidelines for decision making in all cases of domestic abuse, making it clear that high risk domestic abuse relates to imminent risk of death or serious injury. The application of these new guidelines increased the number of referrals being rejected as not meeting this threshold and therefore, reduced the number of High risk cases of domestic abuse being processed.

It should be noted that whilst the target aspires to see a reduced number of cases being discussed at MARAC meetings specifically, we do not wish to see a reduction in cases being reported. This is measured elsewhere.

Proportion of safeguarding pathway decisions made within 2 working days (Adults)

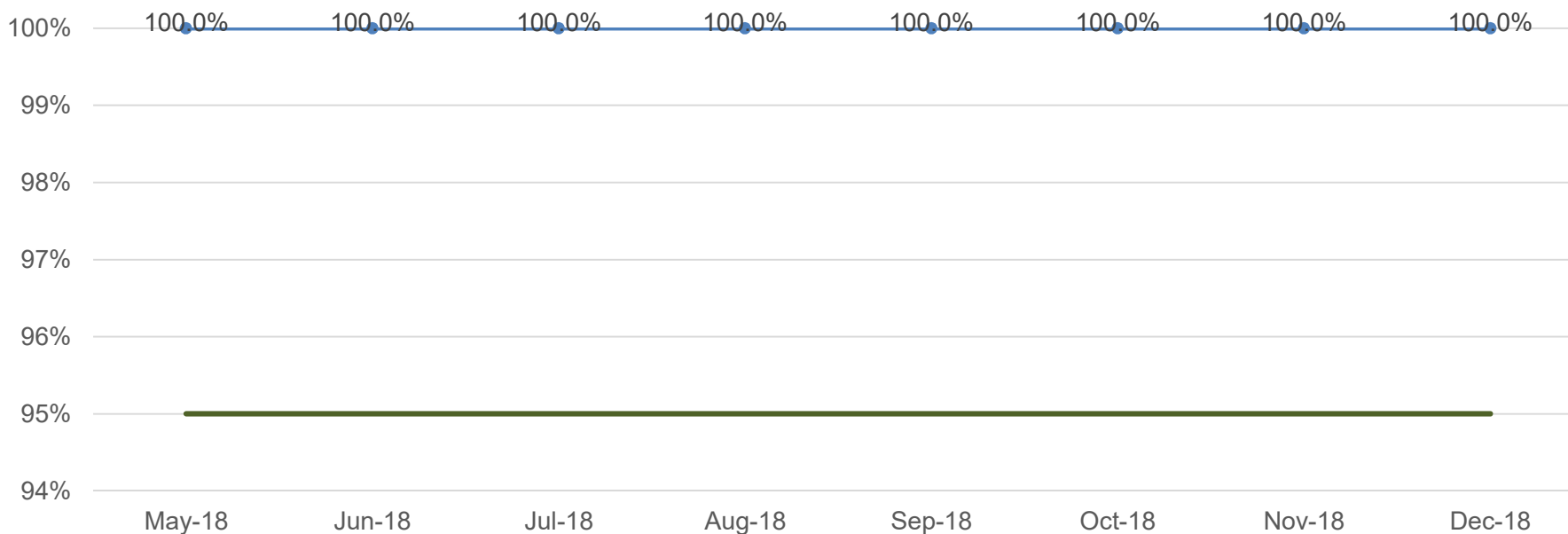
G



<b>Description</b>	Time taken between safeguarding contact being received and pathway (triage) decision being made.						
<b>Benchmarking</b>	This is a local measure. The average for 17/18 was 98.7%.						
<b>Polarity</b>	Higher is better	<b>Target</b>	95%				
<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>
100%	100%	100%	100%	100%	100%	100%	100%
G →	G →	G →	G →	G →	G →	G →	G →

**Commentary and actions to be taken**

A validation exercise was completed during September. This identified a small number of recording errors which have now been corrected. As a result of this performance for the whole year to date has been 100%.



## Proportion of safeguarding enquiries completed within 60 working days (Adults)

G



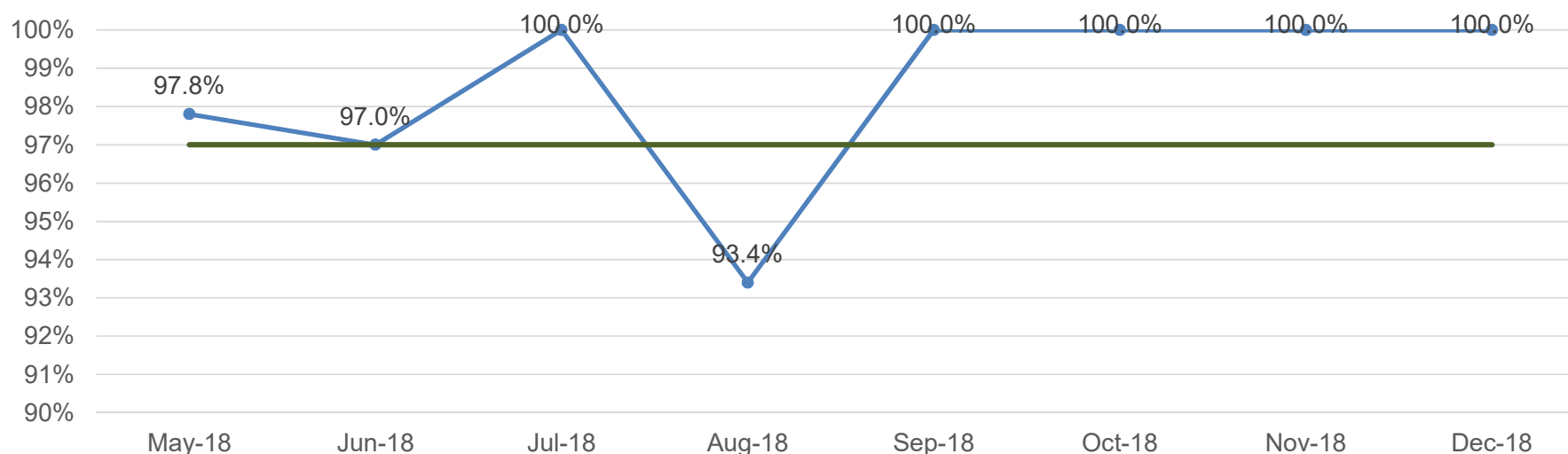
**Description** The target is for Safeguarding enquiries to be completed within 60 working days. This measure shows the proportion of enquiries that are completed within this timescale.

**Benchmarking** This is a local measure. As it is a new measure this year we don't have performance data for previous years.

<b>Polarity</b>	Higher is better	<b>Target</b>	97%				
<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>
97.8%	97.0%	100.0%	93.4%	100.0%	100.0%	100.0%	100.0%
G →	G ↓	G ↑	A ↓	G ↑	G →	G →	G →

### Commentary and actions to be taken

Following our review of enquiry timescales we implemented an escalation process for all enquiry completions to ensure that enquiries do not exceed unreasonable timescales. This view was taken on a risk management basis with the premise that all enquiries should be completed at the earliest opportunity proportionate to the level of concern raised. It was judged that no enquiry should exceed 60 working days, with the understanding that there will be some enquiries that are outside of our control that may exceed 60 working days – we have found that these enquiries have a valid reason as to why they have exceeded 60 days – the reasons are usually outside of SCC's control and can be attributed to delays in the crown prosecution service and our partner organisations. This is now integrated as part of our business as usual process and we continue to validate those enquiries that exceed the timescale to understand the individual circumstances. Staff guidance has been updated to reflect the timescale process.





<b>Description</b>	Increased awareness of VCSE Strategic Forum initiative via increased number of social media followers and users accessing website						
<b>Activity</b>	Actively engage with the VCSE through the Strategic Forum and website to ensure that initiatives are shaped and co-produced together						
<b>Polarity</b>	Higher is better	<b>Target</b>	Increased social media following and website users				
<b>Social Media Followers</b>		<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>
		208	223	240	264	276	285
<b>Website Hits</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>
	58	73	141	125	184	264	162

**Commentary and actions to be taken**

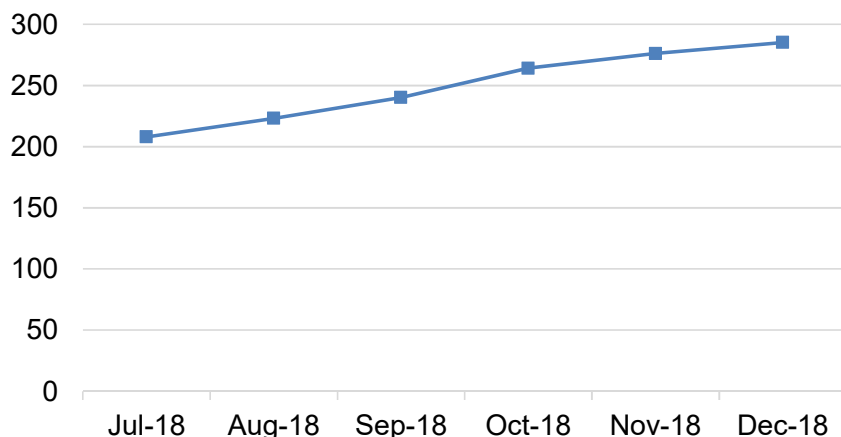
The last VCSE Strategic Forum took place on Wednesday 10 October and focused on children and young people.

The part-time Strategic Advisor finished on Friday 16 November and interviews are taking place in January for a replacement. Commissioners are asked to share any relevant updates impacting on the sector with the Stronger Communities Team via [communities@somerset.gov.uk](mailto:communities@somerset.gov.uk). Items can then be discussed at future forum meetings or circulated via the Website and VCSE networks.

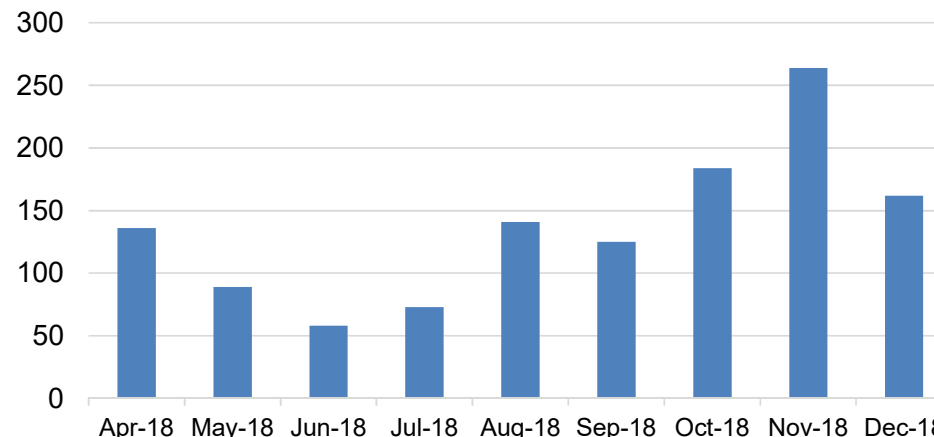
The next Strategic Forum is scheduled to take place 6 March 2019.

We would welcome any support in encouraging organisations to sign up to the Forum website [www.somersetvcse.org.uk](http://www.somersetvcse.org.uk) and to follow us on Twitter @SomersetVCSE

Social Media Followers



Website Hits





## Residual household waste (kg per household) sent to landfill each year

G



Reported Monthly these are actual figures, all figures are standalone monthly not cumulative as in previous years.

- Aug 18 - The result for this period was 39.09kg and the target was 43.57kg.
- Sep 18 - The result for this period was 38.03kg and the target was 42.18kg.
- Oct 18 - The target for this period was 42.03kg.

There is a reporting lag in place on these measures and so at the time of reporting only October data is available.

## Somerset Rivers Authority Flood action plan

A



The Somerset Rivers Authority continues to fund an extensive programme of works across the County to deliver an extra level of flood protection. There are approximately 80 schemes in progress.

At the December SRA Board meeting updates were provided on the larger schemes, Local Enterprise Partnership funded, schemes and some challenges were highlighted with these. Delivery partners are working through these but there is a risk that some project timeframes may slip. SRA delivery partners have continued to deliver the locally funded Enhanced Programme of works with good progress being made with many schemes. There are several schemes carried over from previous years which are also in delivery.

### Next Steps

- The Environment Agency are pressing ahead towards delivery of the next Phase of the River Sow / Kings Sedgemoor Drain Enhancement Scheme in 2019.
- The River Parrett Internal Drainage Board will commence public consultation on the Oath to Burrowbridge Pioneer Dredging scheme.

### Notable Milestones:

- Public Consultation on Environmental Statement for Oath to Burrowbridge to commence February / March
- Council budget setting happens in February; SRA 'shadow precept' funds for 2019/20 confirmed at these meetings.

## CYPP 4 - Building Skills for Life

A



### Programme 4 currently holds a status in Q3 AMBER.

A lot of effective work taking place to support schools working with disadvantaged pupils and to work to support disadvantage pupils, but this is not translating into consistently improved educational outcomes throughout the county i.e. 2018 outcomes at KS2 and KS4 saw us slipping behind the national averages and gaps in performance between vulnerable groups and their peers widened. As the results are finalised in January a more detailed report and analysis will be produced at a later date.

## West Somerset Opportunity Area Action Plan

G



### Description

Support the West Somerset Opportunity Area Action Plan to increase social mobility and opportunity in the district through education and employment

### Aims

- Increase the number proportion of children achieving a good level of development at the end of the foundation stage to at least 70% by 2021.
- Outcomes at key stage 2 will be in the top half of the Country and the attainment gap will be half what it was in September 2017 by 2021.
- Increase the number of young people gaining 3 levels of qualification, by 2021 West Somerset should be equal to the strong results for the best performing areas of the County.
- Increasing the number of apprenticeship and successful completion in line with the rest of Somerset

### Commentary and actions to be taken

The programme started in October 2017 and completes in August 2020.

### Progress update:

- Health visitors delivering Horizon support for Mums with mental health issues.
- Somerset Library service working in partnership with community groups to provide access to books and technology.
- Maths and SEND training being well received across West Somerset. Over 100 Teaching Assistants funded to attend training.
- Settings are engaged and receiving positive feedback from Staff, along with additional requests for additional training.
- Attendance Officer and policy now in place – already showing a marked increase in attendance
- Vocational offer now up and running at the West Somerset College with good interest for next years cohort.
- Positive levels of engagement with the community in the launch of the Skill up service.
- Digital Teens programme launched.
- Funding will be received from the DFE in the Spring to fund activities in the summer term as the OA programme is based on academic years.



The current status for this programme in Quarter 3 is GREEN. All actions on track for end of year completion.

**Achievements:**

- The Public consultation on the reduction of Somerset County Council's (SCC) early help service has now completed. The recommendations will be taken to Cabinet for decision in February 2019. Public Health Nursing transfer into SCC is, however, on track, and staff engagement to finalise the details is being held in January 2019.

## Development at 2-2.5 year check

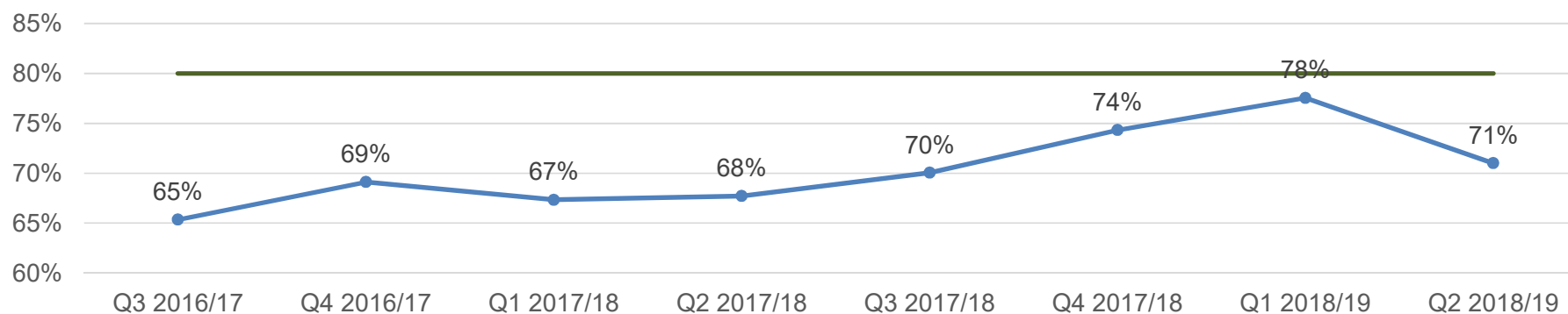
A



<b>Description</b>	Proportion of children at or above an expected level of development of those who have an Age and Stages Questionnaire score at 2-2.5 year review						
<b>Polarity</b>	Higher is better	<b>Target</b>	80%				
<b>Q3 2016/17</b>	<b>Q4 2016/17</b>	<b>Q1 2017/18</b>	<b>Q2 2017/18</b>	<b>Q3 2017/18</b>	<b>Q4 2017/18</b>	<b>Q1 2018/19</b>	<b>Q2 2018/19</b>
65%	69%	67%	68%	70%	74%	78%	71%
N/A →	N/A ↑	N/A ↓	N/A ↑	N/A ↑	N/A ↑	A ↑	A ↓

### Commentary and actions to be taken

- The measure will help monitor child development to observe changes in population health from year to year. It supports assessment of the effectiveness and impact of services for 0-2-year olds and planning of services for children age 2 and beyond.
- The Ages and Stages Questionnaire-3 (ASQ-3) covers five domains of child development: communication, gross motor skills, fine motor skills, problem solving and personal-social development.
- Health visiting teams should have been using ASQ-3 as part of Healthy Child Programme two-year reviews from April 2015. Please see <https://www.gov.uk/government/publications/healthy-child-programme-0-to-19-health-visitor-and-school-nurse-commissioning> for more information.
- All the Somerset health visiting teams have been trained in the use of the ASQ-3 assessment.
- The main focus for the service is on improving data quality and capturing scores for the individual domains of the ASQ-3. The provider information team are working with front line staff to promote consistency in recording and communicate the value and potential benefits in capturing records for every child they visit.
- The proportion of children at or above an expected level of development has been increasing over time. This is partly due to improvements made in the recording process but also reflects genuine improvements. However, work is ongoing to improve data completeness amongst children who have a visit at 2-2.5-year review.
- Continuing improvements in the reporting process for ASQ outcomes have led to a sharp increase in the total number of outcomes reported this quarter. This means that the current value cannot be directly compared with previous quarters.



## Health Visitor mandated contacts

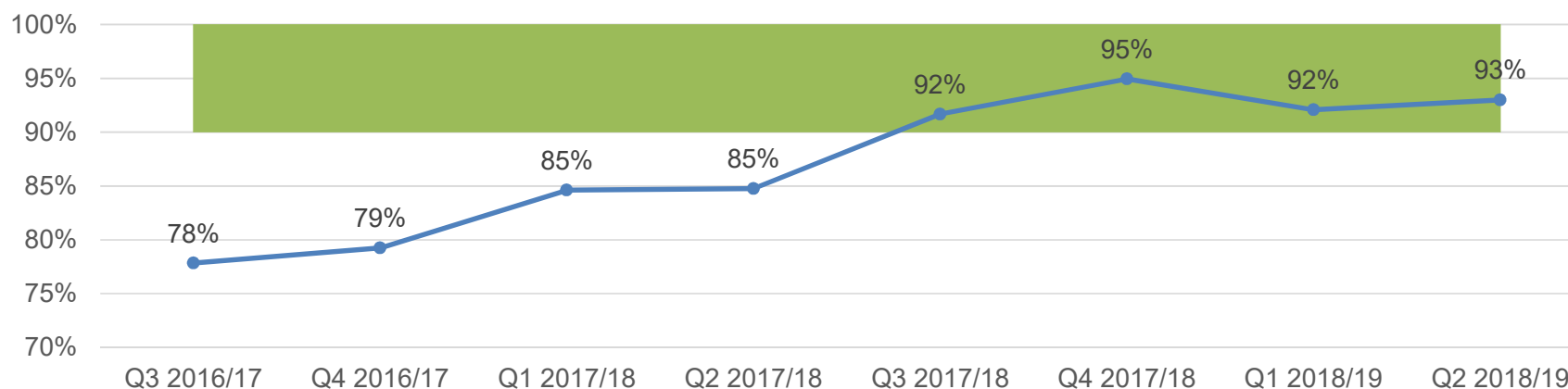
G



<b>Description</b>	Proportion of all infants receiving a new born visit within 14 days						
<b>Polarity</b>	Higher is better	<b>Target</b>	>90%				
<b>Q3 2016/17</b>	<b>Q4 2016/17</b>	<b>Q1 2017/18</b>	<b>Q2 2017/18</b>	<b>Q3 2017/18</b>	<b>Q4 2017/18</b>	<b>Q1 2018/19</b>	<b>Q2 2018/19</b>
78%	79%	85%	85%	92%	95%	92%	93%
N/A →	N/A ↑	N/A ↑	N/A →	G ↑	G ↑	G ↓	G ↑

### Commentary and actions to be taken

- Health Visitors lead the delivery of the Healthy Child Programme. They use strength-based approaches, building non-dependent relationships with families to support behaviour change, promote health and wellbeing, protect health and to keep children safe.
- This is the only workforce that has the opportunity of engaging with all families, often in their own homes; this is essential for early identification of needs and implementation of evidence-based interventions to resolve needs before they become worse and require statutory or specialist intervention.
- Health visitors have a key role in identifying additional health needs and risks e.g. maternal mental health difficulties, developmental concerns, domestic abuse and difficulties in transitioning to parenthood. As part of universal health visiting services, all families are offered five key visits: Antenatal, New born visit, 6 – 8 weeks, 9 – 12 months, 2 – 2 ½ years. With additional support where needs are identified.
- Somerset all families are offered a new birth visit. We will continue to engage with families to promote the uptake of the new birth visit within 14 days of their baby's arrival and work is underway with maternity services to ensure antenatal care is more joined up and communication is improved between midwifery and health visiting services.
- The proportion of children receiving a visit for 2017/18 was 89% but has been above the target of 90% in each of the last four quarters.



### CYPP 2 - Promoting healthy outcomes and giving children the best start in life

G



**Work is progressing and beginning to deliver improved outcomes, we have also made significant progress in joining up work to address SEMH across health, education and care**

- The infant feeding and nutrition strategy has resulted in a statistically significant increase in breastfeeding rates in our 20 % most deprived communities at 6-8 weeks, from 27% in 2013/14 to 37% in 2017/18. Against a nationally declining rate. This work has been submitted for publication at LGA and PHE conferences
- The health and well-being survey has been completed, gaining views from over 7000 children across schools in Somerset.

### CYPP 3 - Improving emotional health and wellbeing

A



**This programme holds the status of AMBER in Quarter 3.**

There has been slippage in sign-off of the NHS Long Term Plan Refresh (awaiting national NHS Long Term Plan & 2019/2020 financial allocations). However, both on-going work in legacy schemes from 2017/18 and current operational performance remain on-track.

### CYPP 7 - Embedding a Think Family approach across the workforce

G



**There is good engagement in progressing Programme 7. Recruitment is steady and there is regular monitoring to identify opportunities to improve. Retention continues to be a problem, but systems are in place to manage this. Multi agency working is being encouraged through joint workshops and Serious Case Reviews.**

- Consolidation of recruitment activity in response to data enabling us to focus on Recruitment Fairs that generate the highest response, improving Try Before You Apply and ensuring that our digital presence is engaging.
- A developing relationship with VistSomerset is providing opportunities to promote Somerset as a good place to live and work and has engaged businesses who can work with us. The Workforce Strategy to support children's social care is in progress including new routes into Social work in Somerset – a Yeovil College Social work Degree Programme offered through the University of Gloucestershire.
- Social worker recruitment and retention targets have both decreased this quarter. Establishing a stable permanent Social Work workforce remains challenging and is the same nationally. It is recognised that the best way to achieve this is by growing our own, which takes time. However, the Workforce Strategy to support children's social care is in progress including new routes into Social work in Somerset – a Yeovil College Social work Degree Programme offered through the University of Gloucestershire

Percentage of adults with LD who live in their own homes

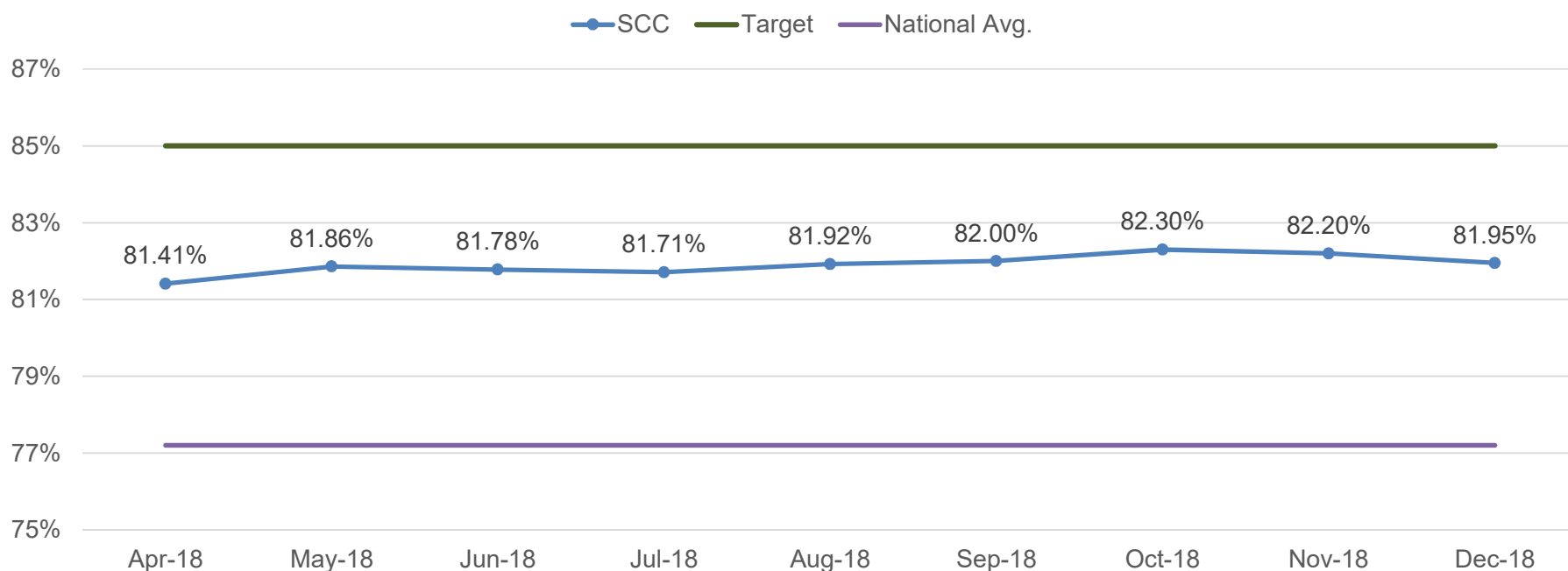
A



<b>Description</b>	National ASCOF measure which records the proportion of people with LD and receiving support from the Council that live in their own home.						
<b>Benchmarking</b>	Somerset's 17/18 outturn was 85.1%. National average for 17/18 was 77.2%.						
<b>Polarity</b>	Higher is better	<b>Target</b>	85%				
<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>
82%	82%	81.71%	81.92%	82.00%	82.30%	82.20%	81.95%
A ↓	A ↓	A ↓	A ↑	A ↑	A ↑	A ↓	A ↓

**Commentary and actions to be taken**

Local performance remains stable, with Somerset's figures remaining above the 2017/18 national average of 77.2%.



## Percentage of Good/Outstanding CQC Rated Provision (Adult Social Care)

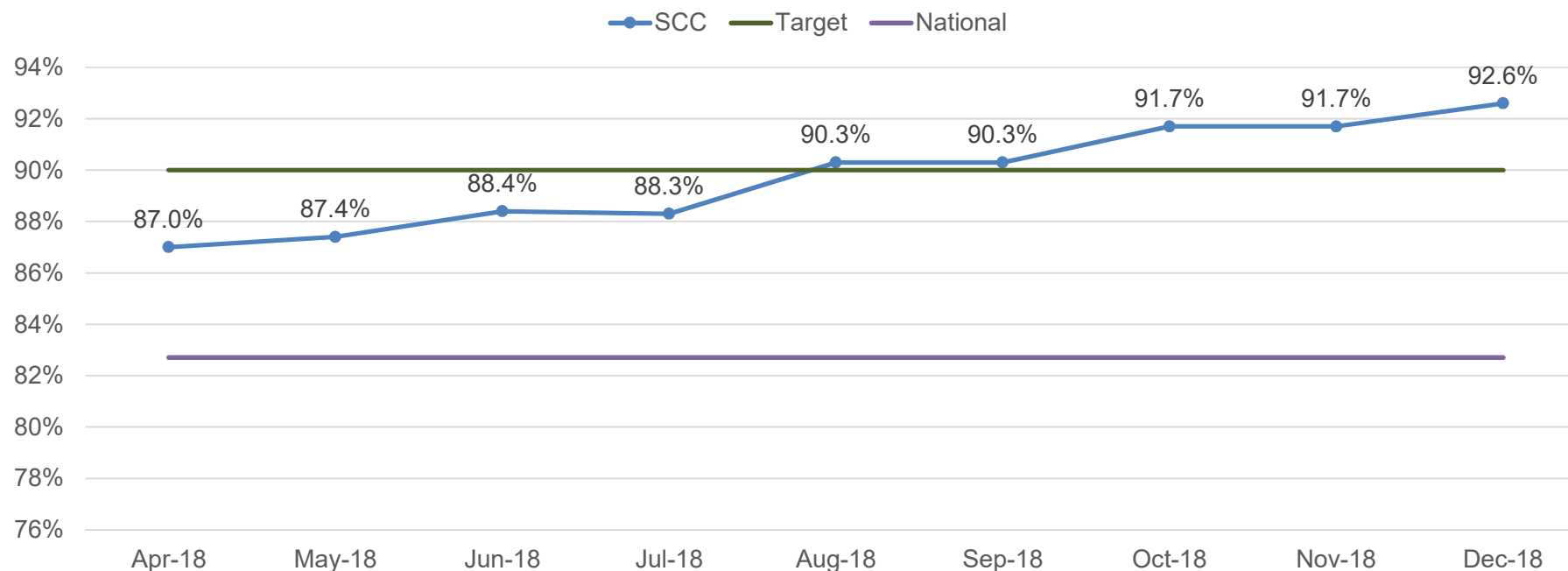
G



<b>Description</b>	Data provided by Care Quality Commission (CQC) showing the proportion of provisions rated Good or Outstanding												
<b>Benchmarking</b>	Somerset's March '18 position was 87.5%. National comparator figure is 82.7%												
<b>Polarity</b>	Higher is better	<b>Target</b>	90%										
<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>						
87.40%	88.40%	88.30%	90.30%	90.30%	91.70%	91.70%	92.60%						
A	↑	A	↓	G	↑	G	→	G	↑	G	→	G	↑

### Commentary and actions to be taken

Steady progress saw this measure achieve the target for the first time in August and this performance has been sustained through to December. The national comparator figure is 83.3% and we also the exceed regional average. We continue to hold regular meetings with the Care Quality Commission and our CCG partners to monitor, manage and support the provider market.





**Percentage of users using self-directed support (given a personal budget or in receipt of a direct payment)**

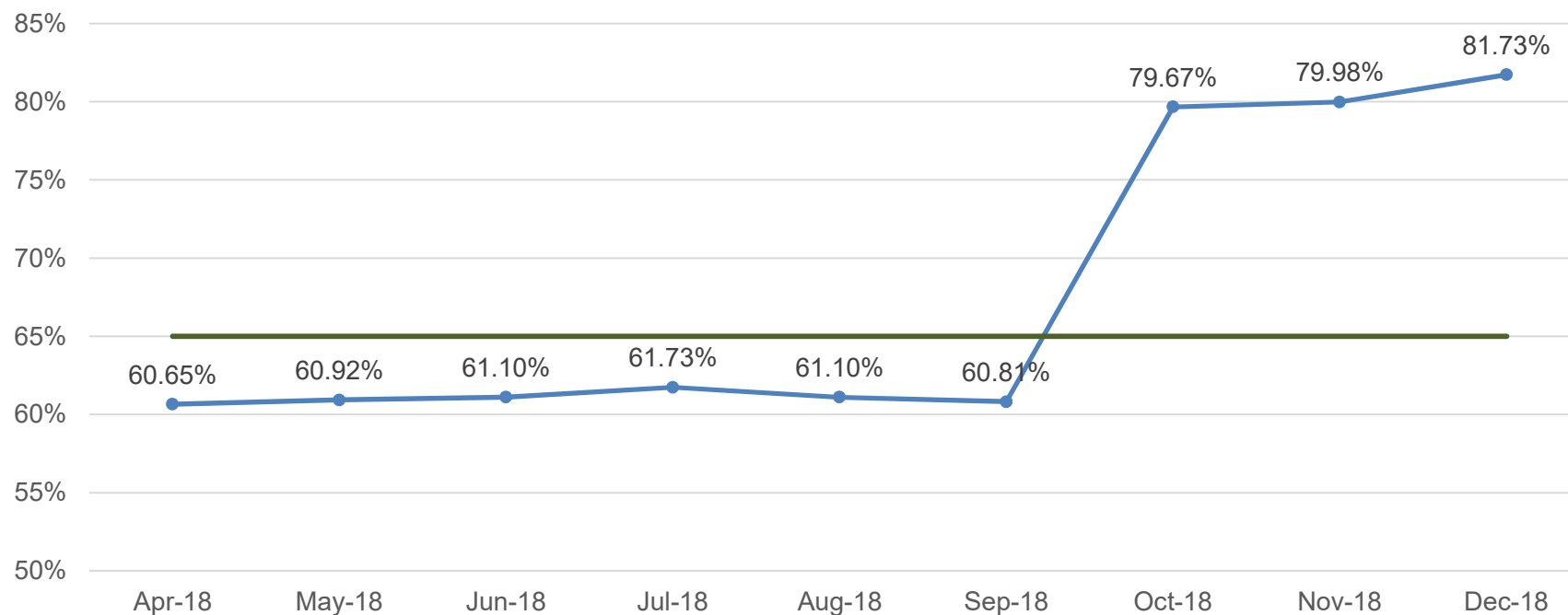
G



<b>Description</b>	National ASCOF measure which records the proportion of eligible people in receipt of either a personal budget or a direct payment						
<b>Benchmarking</b>	Somerset's 17/18 outturn was 59.17%. National average for 16/17 was 89.4%.						
<b>Polarity</b>	Higher is better	<b>Target</b>	65%				
<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>
61%	61%	61.73%	61.10%	60.81%	79.67%	79.98%	81.73%
A	↑	A	↑	A	↓	A	↓
					G	↑	G
						G	↑
							G
							↑

**Commentary and actions to be taken**

Changes to the way that assessments are recorded introduced in August as well as a validation exercise have seen a significant improvement in performance since October.



## Delayed Transfers Of Care (DToC) - Delays attributable to Adult Social Care

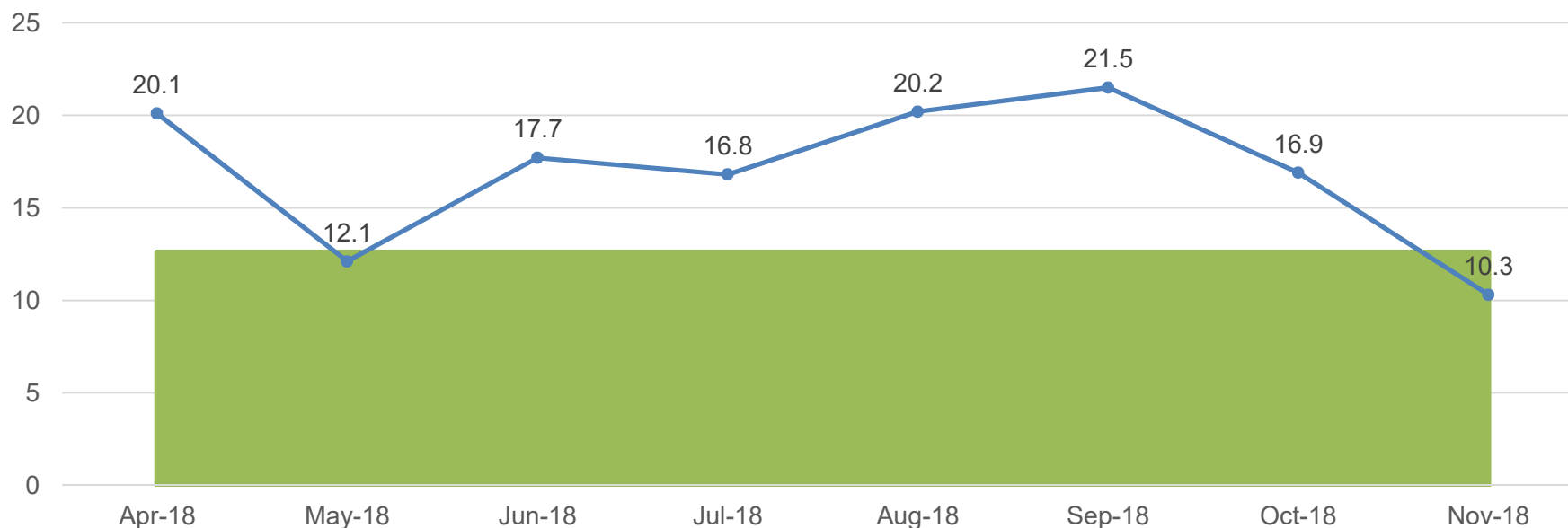
G



<b>Description</b>	The number of delayed hospital days per calendar day that are attributable to Adult Social Care.														
<b>Benchmarking</b>	New measure from 1st April 2018														
<b>Polarity</b>	Lower is better	<b>Target</b>	12.6 (delays per calendar day)												
<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>								
20.1	12.1	17.7	16.8	20.2	21.5	16.9	10.3								
R	→	G	↑	A	↓	A	↑	R	↓	R	↓	A	↑	G	↑

### Commentary and actions to be taken

This measure relates specifically to Adult Social Care attributable delays but we do continue to focus on people/whole system delays rather than which organisation is responsible. The previous measure showed delays per 100,000 population but this current measure simply shows average delays per calendar day. The last three months have seen continued improvement in the ASC attributable delays culminating in being below target in December. This has been achieved through enhancing the discharge process and focus within Community Hospitals, where DToC performance was shown to be worse than within Acutes. The additional central government funding has been utilised to tackle some of the resource issues as well as increase Home First capacity, ensuring more people have the opportunity to go home with the right support.



## Delayed Transfers Of Care (DToC) - Whole System (% of lost bed days per day)

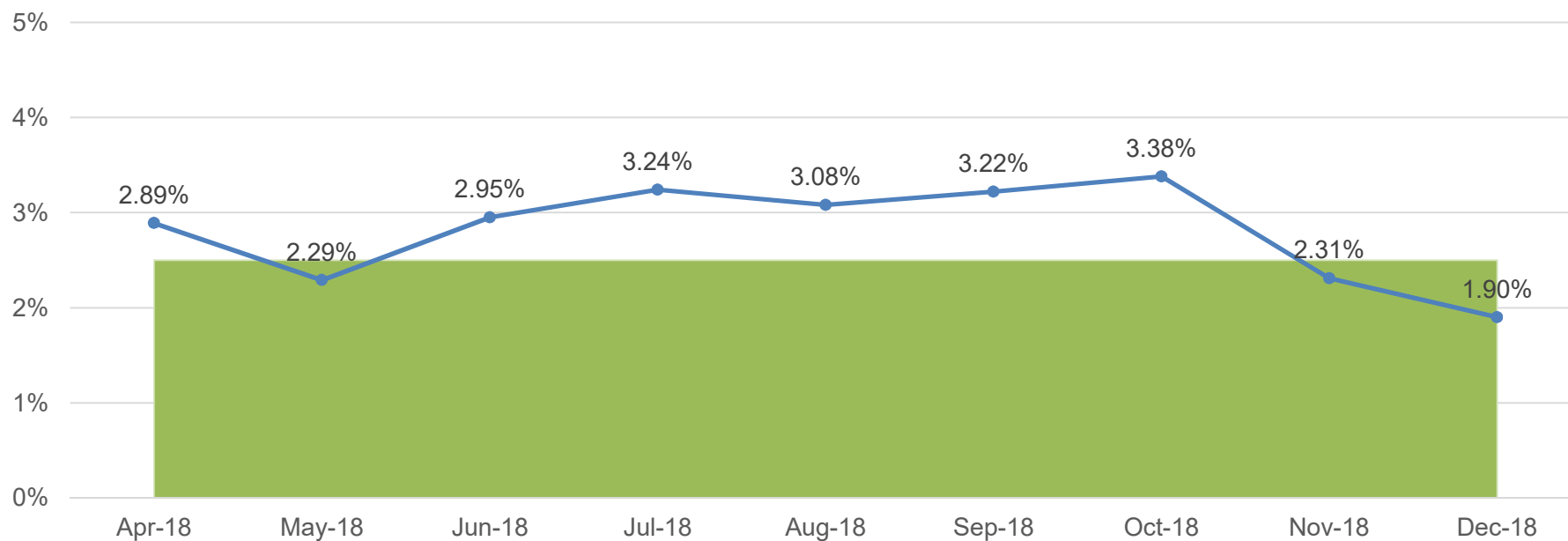
G



<b>Description</b>	The proportion of the total available 'bed stock' that was unavailable due to delays										
<b>Benchmarking</b>	Outturn figure for March '18 was 3.02%										
<b>Polarity</b>	Lower is better	<b>Target</b>	2.5%								
<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>				
2.29%	2.95%	3.24%	3.08%	3.22%	3.38%	2.31%	1.90%				
G	↑	A	↓	A	↓	A	↓	G	↑	G	↑

### Commentary and actions to be taken

Delayed Transfer of Care (DToC) measure looking at all delays (i.e. Health, Social Care and Both). There are a variety of factors that impact on this measure, which include the availability of packages of home care, the robustness of the social care resource in the east of the county, and system flow challenges through Home First pathways. Performance in December is very good with the lowest ever recorded system DToC figure. This has been achieved via a number of factors including, increased Home First capacity, focussed work on supporting and monitoring people on the HF pathways, a greater focus on community hospital delays, utilising community agents to assist discharge and improved partnership working with the acute discharge teams.



## No of new placements in Residential and Nursing Care in month (18-65)

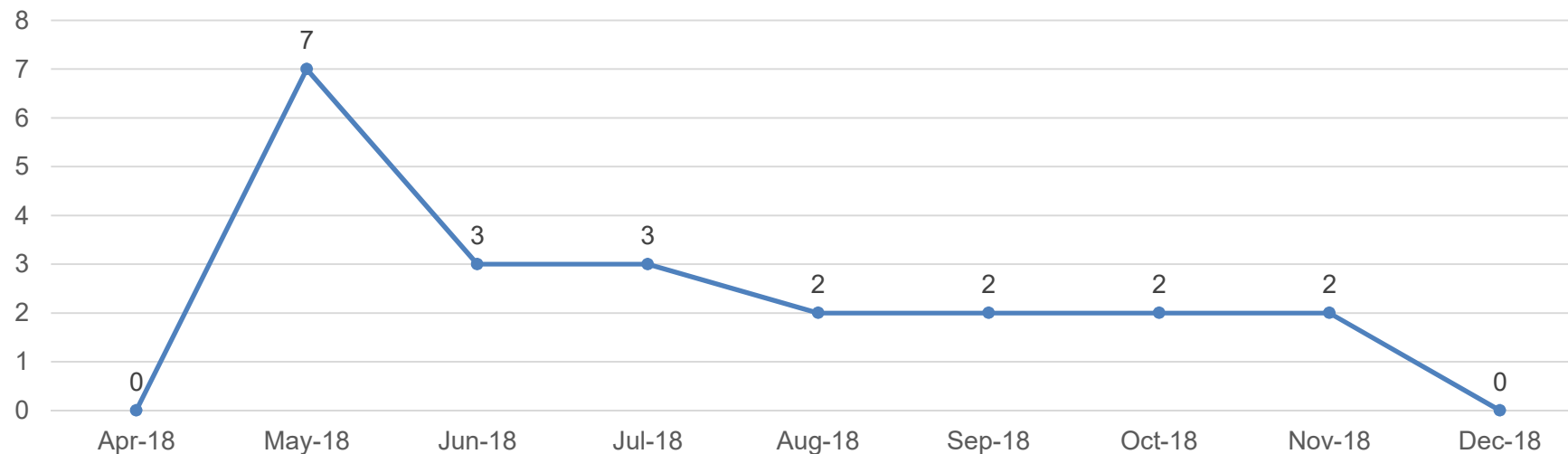
G



<b>Description</b>	The number of permanent placements of younger adults (aged 18-64) in Residential and Nursing care.							
<b>Benchmarking</b>	Somerset's 17/18 outturn was 20.8 placements per 100,000 population. National average for 16/17 was 12.8 placements per 100,000 population.							
<b>Polarity</b>	Lower is better	<b>Target</b>	<20					
	<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>
	7	3	3	2	2	2	2	0
	R ↓	R ↑	R →	A ↑	A →	A →	A →	G ↑

### Commentary and actions to be taken

Practice change is resulting in lower admissions to residential and nursing provision for adults under 65 years compared with the previous year's outturn; this is in line with our Promoting Independence Strategy.



## No of new placements in Residential and Nursing Care in month (65 +)

G



**Description** The number of permanent placements of older adults (aged 65+) in Residential and Nursing care.

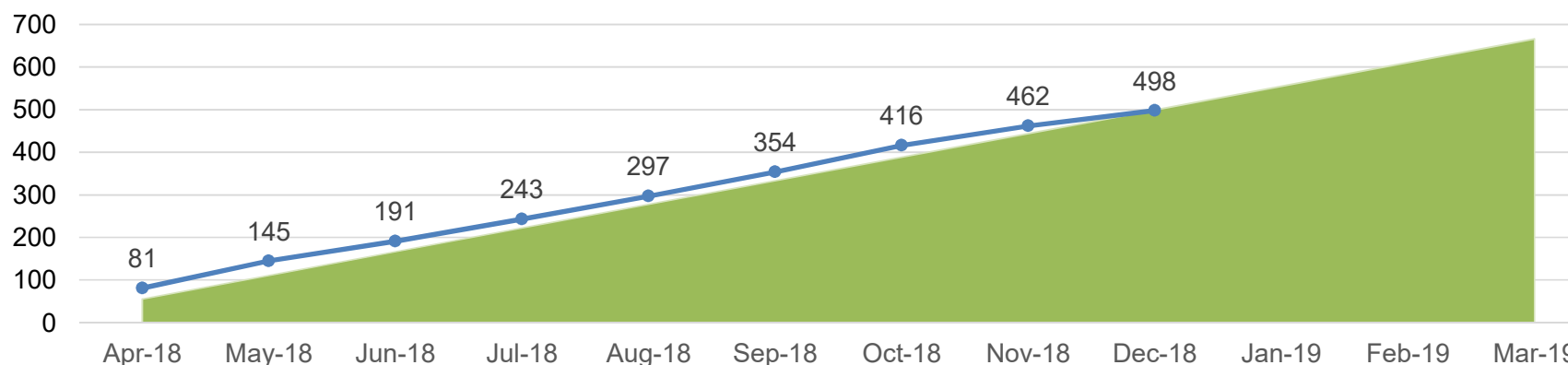
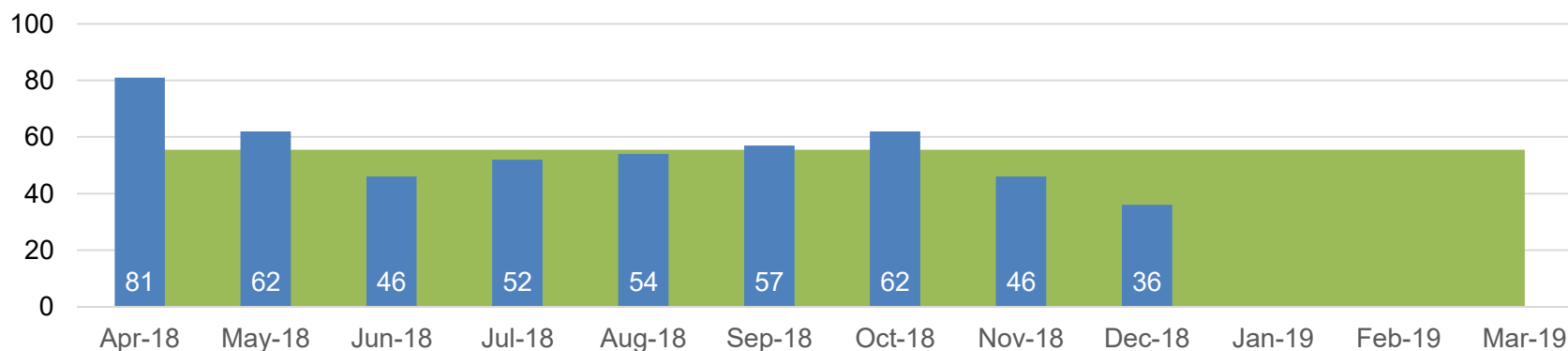
**Benchmarking** Somerset's 17/18 outturn was 690.3 placements per 100,000 population. National average for 16/17 was 610.7 placements per 100,000 population.

**Polarity** Lower is better **Target** no more than 666 placements for year end, 55.5 per month.

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
	62	46	52	54	57	62	46	36
<b>R</b>	↑	G ↑	G ↓	G →	G ↓	G ↑	G ↑	G ↑

### Commentary and actions to be taken

Monthly average across the first nine months of the year is 55 - this is well within the target of 56. If the daily average rate continues at this level then we will come in under target (approx. 492 placements per 100,000 population compared to a target of 520)



## Proportion of total contacts handled resolved with no costed service by Somerset Direct

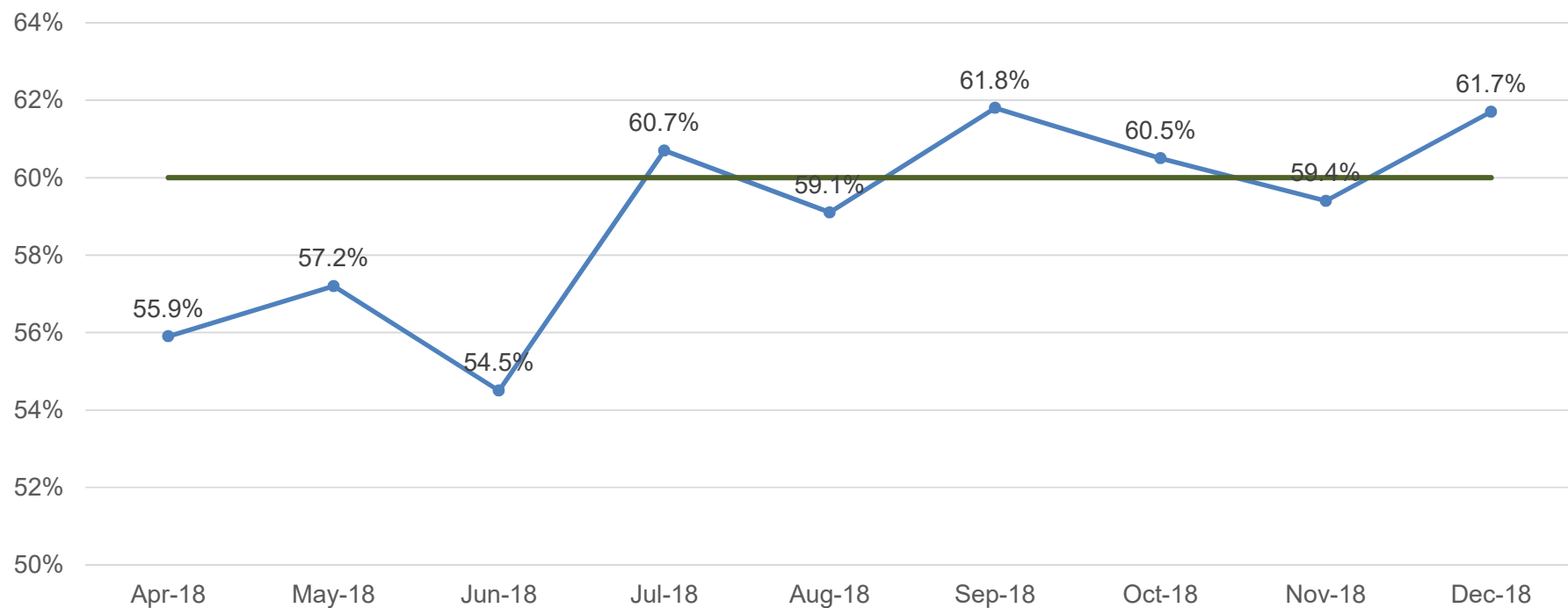
G



<b>Description</b>	The proportion of all contacts handled by Somerset Direct where the recorded outcome was 'Signposted' - i.e. the call was resolved without the need to pass the call to a social work team (Adults Services)												
<b>Benchmarking</b>	Outturn for 17/18 was 53.8%												
<b>Polarity</b>	Higher is better	<b>Target</b>	60.0%										
<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>						
57.20%	54.50%	60.70%	59.10%	61.80%	60.50%	59.40%	61.70%						
A	↑	A	↓	G	↑	G	↓	G	↑	G	↓	G	↑

### Commentary and actions to be taken

July was the first month where the target was achieved. Since then the average across 6 months from July to December was 60.5%. This measure has a direct impact on the volume of contacts that are passed to operational teams



## Breastfeeding continuation

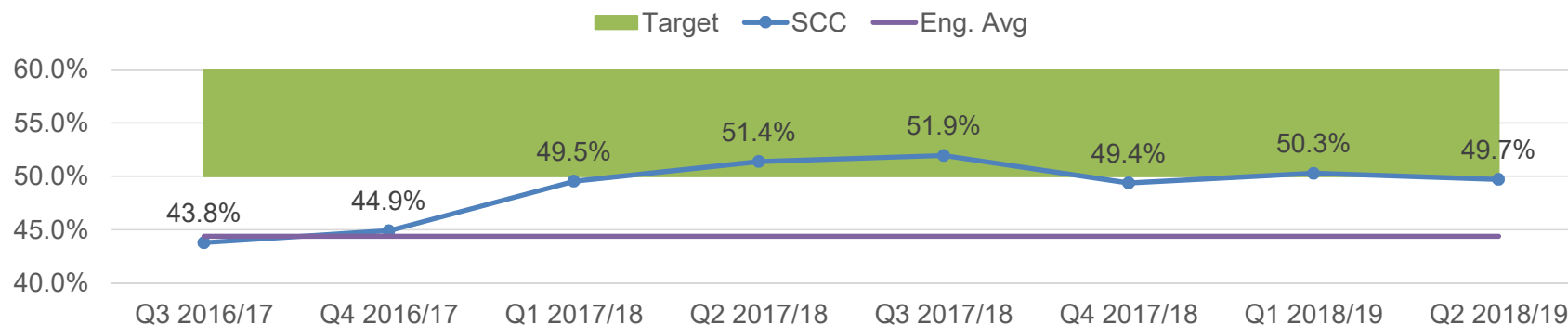
A



<b>Description</b>	Percentage of all infants due a 6-8 week check by a health visitor that are totally or partially breastfed.						
<b>Polarity</b>	Higher better	<b>Target</b>	>50%				
<b>Q3 2016/17</b>	<b>Q4 2016/17</b>	<b>Q1 2017/18</b>	<b>Q2 2017/18</b>	<b>Q3 2017/18</b>	<b>Q4 2017/18</b>	<b>Q1 2018/19</b>	<b>Q2 2018/19</b>
43.79%	44.91%	49.54%	51.38%	51.95%	49.37%	50.28%	49.70%
A →	A ↑	A ↑	G ↑	G ↑	A ↓	G ↑	A ↓

### Commentary and actions to be taken

- Increases in breastfeeding are expected to reduce illness in young children, have health benefits for the infant and the mother and result in cost savings to the NHS through reduced hospital admission for the treatment of infection in infants. Breast milk provides the ideal nutrition for infants in the first stages of life.
- There is evidence that babies who are breast fed experience lower levels of gastro-intestinal and respiratory infection. Observational studies have shown that breastfeeding is associated with lower levels of child obesity. Mothers who do not breastfeed have an increased risk of breast and ovarian cancers and may find it more difficult to return to their pre-pregnancy weight.
- The proportion of children breastfed at age 6-8 weeks old in Somerset remains above target and the overall rate for 2017/18 was 50.6% above target and compared with a reported England average of 44.4%.
- Breastfeeding rates are significantly lower in areas of increased deprivation and therefore the breastfeeding data is being used for the first time to support the development of the Somerset Breastfeeding strategy; to identify key areas of the county for targeted work and to highlight inequalities, with lower rates amongst babies in more deprived and urban areas.
- Health Visitors are trained to support parents with all aspects of infant feeding including support with breastfeeding. In addition, a multi-faceted approach is used in Somerset to promote and sustain breastfeeding including a 'Positive about Breastfeeding' scheme for local organisations and businesses, breast feeding volunteer champions and the promotion of baby wearing to promote feeding and attachment through sling libraries.



## Number of GP practices receiving NHS health checks data electronically

A



**Description** The NHS Health Checks programme is a mandated public health service. On completion of the health check the results of the check can be sent directly to GP Practices who will receive the read coded health check results through the pathology EDT system, which can then be added to the patient record. The application also supports the use of nhs.net to securely send a letter with the individual's results and any recommended follow-up to the practice. Practices that have not signed up to receive a paper copy of the read coded results and GP letter, which would then have to be manually entered into the patient record. Having an increased number of practices signed up to the Electronic Data Transfer (EDT) process assures us that the results of the health checks are received by a practice.

<b>Polarity</b>	Higher is better	<b>Target</b>	increase the number by 10%				
			<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>
			33 of 66	33 of 66	34 of 66	34 of 66	34 of 66
			A →	A →	A ↑	A →	A →

### Commentary and actions to be taken

As of the end of December there are 34 of the 66 Practices signed up to receive health check results electronically.

This approach demonstrates best practice, as it is the best method to ensure the results of the health check are received by the GP Practice, particularly for those who have a high risk of having a cardiovascular event e.g. a stroke or heart attack in the ten years following the check or who have triggered a filter for Diabetes or Hypertension.

Progress to date has been achieved through the programme which is led by ToHealth Ltd (the commissioned provider). Action taken to increase uptake includes a joint letter signed by Trudi Grant, Director of Public Health on behalf of Somerset County Council, and Sandra Corry, Director of Quality, Safety and Engagement on behalf of Somerset Clinical Commissioning Group, which has been sent to all Practices through the CCG weekly GP Bulletin encouraging Practices to sign up to the EDT, whilst also giving details on how to do so.

A key consideration for the target is that Practices can choose whether to sign up to this approach or not.



WWW.SOMERSET.GOV.UK



## Contact us



If you have any specific questions or comments on this publication, please contact the Planning and Performance Team on 0300 123 2224, or email [performance@somerset.gov.uk](mailto:performance@somerset.gov.uk)

This page is intentionally left blank

Somerset County Council

Notice of key decision



---

**The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 10**

In accordance with the Council's Access to Information Procedure Rule 4, as set out in the Council's Constitution, notice is hereby given that the following Key Decision, which has not been included on the Cabinet forward plan for the required 28 days is to be considered by the Cabinet on Monday 11<sup>th</sup> February 2019..

**Corporate Performance Report - End of December (Q3 2018/19)**

Contact Officer / Author: Ryszard Rusinek, Performance Officer – Planning & Performance. Contact Details: (01823) 359895 [RRusinek@somerset.gov.uk](mailto:RRusinek@somerset.gov.uk)

Reasons

It is proposed to take a key decision on this matter on the date shown above. It would be impracticable to defer the decision until it has been included in a published version of the Forward Plan for the required 28 days.

Circulation:

Leader of the Council  
Cabinet Members  
Chairmen of Scrutiny Committee for Polices and for Place, for Adults and Health and Children & Families  
All County Council Members  
Public notice board at County Hall, Taunton

1 February 2019  
Scott Wooldridge  
Monitoring Officer

For questions about this notice please contact Scott Wooldridge, Governance Manager, Democratic Services, County Hall, Taunton, TA1 4DY. Tel: 01823 357628
--

This page is intentionally left blank

Cabinet

11 February 2019

**2018/19 Revenue Budget Monitoring – Quarter 3**

Cabinet Member(s): Cllr Mandy Chilcott – Cabinet Member for Resources  
 Division and Local Member(s): All  
 Lead Officer: Peter Lewis – Interim Director of Finance  
 Author: Leah Green – Finance Manager MTFP – Corporate  
 Finance Contact Details: [PJLewis@somerset.gov.uk](mailto:PJLewis@somerset.gov.uk) Tel: 01823 359028

	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
	County Solicitor	Honor Clarke	28/01/19
	Monitoring Officer	Scott Wooldridge	28/01/19
	Corporate Finance	Peter Lewis	28/01/19
	Human Resources	Chris Squire	28/01/19
	Senior Manager	Peter Lewis	28/01/19
	Local Member(s)	All	
	Cabinet Member	Mandy Chilcott	28/01/19
	Opposition Spokesperson	Liz Leyshon	28/01/19
	Relevant Scrutiny Chairman	Anna Groskop	Sent 24/01/19
<b>Forward Plan Reference:</b>	FP/18/11/08		
<b>Summary:</b>	<p>In the month 8 report, Cabinet learned that an underspend, of just under £1m, was being projected for the first time in 2018/19. This quarter 3 report, based upon actual spending to the end of December 2018, now shows a continuation of that trend, with an underspend of £1.067m being projected. This is a 0.3% variance on a revenue budget of £317.882m.</p> <p>In addition to this projected underspend, opportunity has been taken to make a further contribution to reserves and to release some pressure on the need to use Capital Receipts Flexibilities to support the revenue budget. Both of these adjustments will further improve the resilience of the Council and the robustness of the accounts.</p> <p>In addition to the strong grip on the revenue budget and the consistent delivery of planned savings, the most significant improvements to the revenue account between month 8 and month 9 are the introduction to the monitoring projection of the refund of the Government levy money (£1.031m mentioned in the month 8 report), a range of favourable service forecasts totalling £1.646m (as detailed later in the report) and the release of nearly £0.800m from the contingency. With regard to the latter, it is judged that only £2.000m needs to remain in the contingency for the rest of the financial year to underwrite unexpected financial challenges.</p>		

	<p>This quarterly report also sets out a projection of the reserves as at the end of 2018/19. It is encouraging that it is anticipated that the General Fund reserve will reach of total of £11.637m, plus any residual underspend, at the year end, when in September it was thought that it would only reach £7.796m. This improvement is significant in terms of the standing of the Council and for its resilience to deal with the challenges that the Spending Review 2019 (SR2019) and the Fair Funding Review (FFR) might bring for 2020/21.</p> <p>At this relatively late stage of the year, it is planned to now use £1.382m of the corporate contingency total of £3.382m for the following:</p> <ul style="list-style-type: none"> <li>• £0.442m to compensate Corporate and Support Services for reduced overhead recovery from Support Services for Education (SSE) services;</li> <li>• £0.140m to support the Local Assistance Scheme programme costs within Adult Social Care, and;</li> <li>• £0.800m contribution to the General Fund to support future resilience.</li> </ul>
<p><b>Recommendations:</b></p>	<p><b>Cabinet is recommended to: -</b></p> <p>Note the projected revenue budget outturn position for 2018/19 (being an underspend of £1.067m), the current Aged Debt Analysis, the position regarding reserves and the projected delivery of the Medium Term Financial Plan savings.</p> <p>Approve one-off use of £1.382m from the corporate contingency as set out above in the summary section and in paragraphs 3.20 and 3.44.</p> <p>Note the plans to improve the Councils financial resilience by increasing the General Fund balance from £7.796m to £11.637m.</p>
<p><b>Reasons for Recommendations:</b></p>	<p>Robust budget monitoring information is an essential ingredient of a well-run Council, and that information must be used to inform decisions about actions required to address any budget variances.</p>
<p><b>Links to Priorities and Impact on Service Plans:</b></p>	<p>The Medium Term Financial Plan (MTFP) sets the funding for the County Vision and the use of those funds is then monitored, via this report, throughout the year to ensure delivery of Council objectives and actions within the resources available.</p>
<p><b>Consultations and co-production undertaken:</b></p>	<p>Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the report.</p>

<b>Financial Implications:</b>	The financial implications are identified throughout the report.					
<b>Legal Implications:</b>	There are no legal implications arising directly from this report.					
<b>HR Implications:</b>	There are no HR implications arising directly from this report.					
<b>Risk Implications:</b>	<p>The availability and use of reserves and the revenue contingency is critical in being able to manage peaks in demand and costs incurred. This report recognises the need for adequate reserves and contingencies and aims to adopt a reasonable approach to maintaining both.</p> <p>The Council's corporate risk register recognises the risk to containing our spend within budget.</p> <p>Whilst the overspends in specific demand led service budgets seems to be more stable than in recent months, e.g. Children's Services external placements, these service areas remain volatile and the outlook could alter relatively quickly. The risk of overspends continues to be mitigated through detailed budget review and challenge sessions which are generating an improved understanding of the budget and hence actions which are delivering improved control of expenditure within the service.</p> <p>The main risk on the register relating to financial management is ORG0043. This risk is reassessed on a monthly basis to determine if the likely of the risks set out in the register can be reduced. Given the assessment in this report, it is felt that the likelihood score may reduce following consideration and approval of the budget for 2019/20 in February 2019.</p>					
	<b>Likelihood</b>	<b>5</b>	<b>Impact</b>	<b>5</b>	<b>Risk Score</b>	<b>25</b>
<b>Other Implications (including due regard implications):</b>	Any remedial actions being taken to manage budgets within resources will have due regard to the legal, HR and equalities issues, as necessary.					
<b>Scrutiny comments / recommendation (if any):</b>	This report will be presented to the Scrutiny Committee for Policies and Place on 6 March 2019					

## 1. Background

- 1.1. The Council is continuing in its journey to tighten control of its revenue budget; it has eliminated the overspend that was projected earlier in the year; is seeking to reduce the potential for future overspends by demonstrating a strong financial grip throughout the organisation; and has

partially restored some of its significantly depleted reserves. Overall, the Council's resilience is much improved since the Cabinet made its budget resolutions in September 2018.

- 1.2. Robust monitoring of the revenue budget and particularly of the proposals for change agreed in both February and September 2018 have significantly aided the improvements described in this report. In December the Council received the provisional Financial Settlement for 2019/20, as did all other local authorities. This included an additional one-off payment from Government for 2018/19, £1.031m, for the re-distribution of an excess business rate levy, intended to cover safety net needs under the current funding regime.
- 1.3. A forecast underspend of £1.067m is now projected, as shown in Appendix A of this report and described in the paragraphs below. This reflects the continued focus by services on managing budgets. Whilst an encouraging position, it is important to recognise that there are significant financial challenges faced by the Council beyond the current year, meaning it is essential to also focus on securing the Council's long term financial resilience through holding adequate reserves and contingencies.

## **2 Reserves**

- 2.1. The Council holds reserves in two forms: the General Fund to mitigate against unforeseen spends or major unexpected events, and earmarked reserves for specific purposes and to mitigate against future known or predicted liabilities.
- 2.2. The paragraphs below explain the forecast balances at the end of 2018/19 which confirms the improving position, although reserves still remain relatively low for a Council of the size of Somerset.
- 2.3. **General Fund**
  - 2.3.1. The movements to the General Fund during 2018/19 are a combination of planned contributions budgeted for in the 2018/19 Medium Term Financial Plan (MTFP); additional contributions during 2018/19 to improve the financial stability of the Council funded from additional one-off funding (eg MHCLG Levy Grant); release of contingency budget no longer required due to the savings approved by Cabinet in September 2018; the subsequent rebase of underpressure budgets; and in-year contributions to reduce the impact to the Council of a number of the authority's negative (deficit) earmarked reserves.
  - 2.3.2. The Council has budgeted, as part of its MTFP(2019-22), to contribute an additional £2.000m to the General Fund and repay an additional £2.989m of deficit reserves during 2019/20 to further strengthen the Councils financial resilience.
  - 2.3.3. The predicted General Fund position at the end of March 2019 and for 2019/20 is shown in the tables:



General Fund	Value £m
Balance brought forward 2018/19	12.892
<b>In Year Transfers (2018/19):</b>	
Base Budget contribution 2018/19	2.000
Additional revenue contributions (Mnt8)	1.000
One-off levy grant	1.031
Contingency contribution	0.800
Negate the impact of deficit earmarked reserves	-6.086
Current Balance	11.637
Estimated in year underspend to be transferred to General Fund	1.067
<b>Balance at March 2019</b>	<b>12.704</b>
<b>In Year Transfers (2019/20):</b>	
Base Budget contribution 2019/20	2.000
Planned contribution to reduce impact of deficit reserves on General Fund	2.989
<b>Balance at 31 March 2020</b>	<b>17.693</b>

## 2.4. Earmarked Reserves

2.4.1. Across all earmarked reserves the Council is predicting a balance of £13.535m by the end of the year, an improvement of £10.714m during 2018/19, mainly due to £7.055m of 2017/18 being moved from a negative earmarked reserve to be set against the General Fund reserve.

2.4.2 Within this balance there are a number of reserves held on behalf of other organisations such as Somerset Rivers Authority and the Local Enterprise Partnership, and others where use is controlled by statute, such as Public Health; Dedicated Schools Grant, Early Years, High Needs & De-delegated services; and the Insurance Fund. These are forecast to total £19.621m as at 31 March 2019, meaning the Council effectively is forecasting a negative balance on its useable earmarked reserves of £6.086m at 31 March 2019. This is a significant improvement (£10.430m) on the balance at 1 April 2018 (negative £16.516m), made possible by the utilisation of one-off funding and service underspends during 2018/19. The MTFP contains provision for repayment of some of the negative balances.

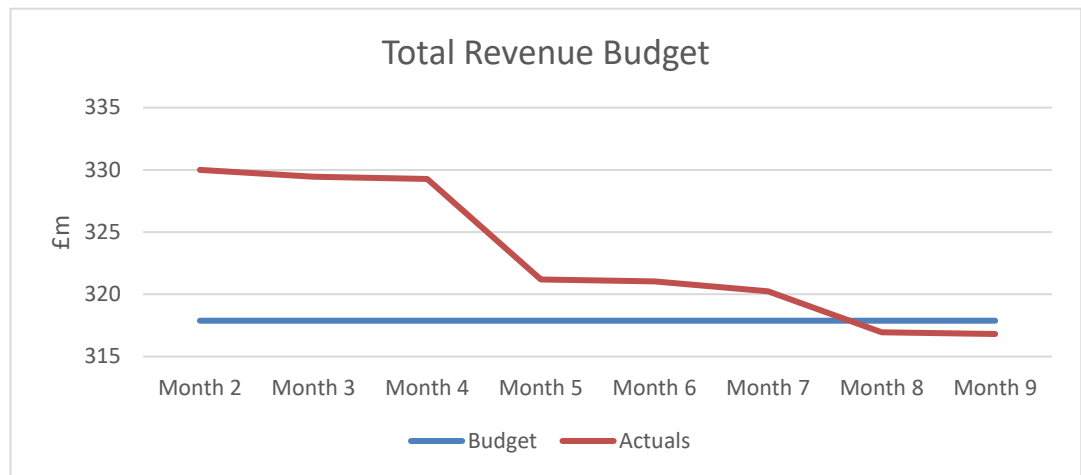
2.4.3. The following table shows the in-year movements:

<b>Earmarked Reserves</b>	<b>Value £m</b>
<b>Balance of ALL Earmarked Reserves brought forward 2018/19</b>	<b>2.821</b>
LESS: Balance of negative/held on behalf of others Earmarked Reserves brought forward 2018/19	19.337
Balance of Earmarked Reserves available for the authority to utilise - as at 1 April 2018	-16.516
<b>In Year Movements (2018/19):</b>	
In-year movement of Earmarked Reserves available for the authority to utilise	10.430
In-year movement of negative/held on behalf of others Earmarked Reserves	0.284
<b>Total in-year movement of ALL Earmarked Reserves</b>	<b>10.714</b>
Balance of Earmarked Reserves available for the authority to utilise - as at 31 March 2019	-6.086
Balance of negative/held on behalf of others Earmarked Reserves as at 31 March 2019	19.621
<b>Balance of ALL Earmarked Reserves as at 31 March 2019</b>	<b>13.535</b>

### 3. Summary Forecast 2018/19 – Revenue Budgets

- 3.1. Services have continued their tight grip on financial management of services during month 9 and whilst the overall forecast favourable variance has only changed marginally since month 8, up to a favourable variance of £1.067m compared to £0.921m previously, additional contributions to reserves have been made that improve the Council's overall financial resilience. The graph below shows the track of projected over and underspends throughout 2018/19. While the overall budget did not change in month 6, there were significant movements within that budget following

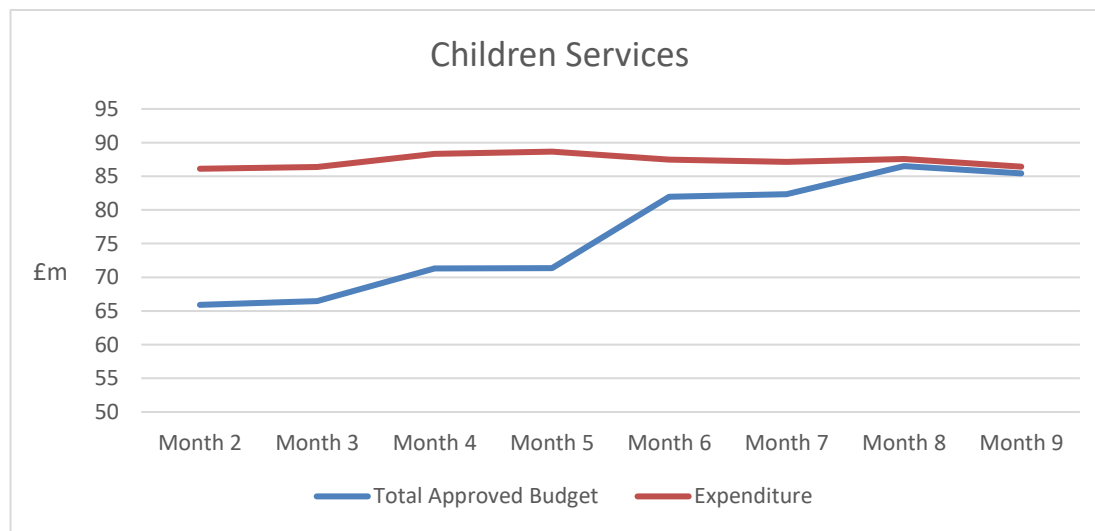
the Cabinet resolutions on the proposals for change at month 6 (September).



**3.2.** The paragraphs below set out the key service variances and explanations.

**3.3. Children’s Services** (Net budget £85.447m, £1.000m projected overspend, a favourable movement of £0.062m since month 8).

The chart below shows the Children’s Services budget variance trend for 2018/19, illustrating the impact of the budget rebasing during the year. This was designed to match budget more realistically to the level of spending need, thereby making budget management more realistic. It also shows that the Children’s services spend forecasts have remained relatively stable across the year despite ongoing increasing demands and this reflects the considerable effort by the service to focus on spend control and management actions to mitigate additional increases in spend. It should be noted that these service budgets remain high risk due to the nature and volatility of spend and significant management action continues to mitigate any increases in costs.

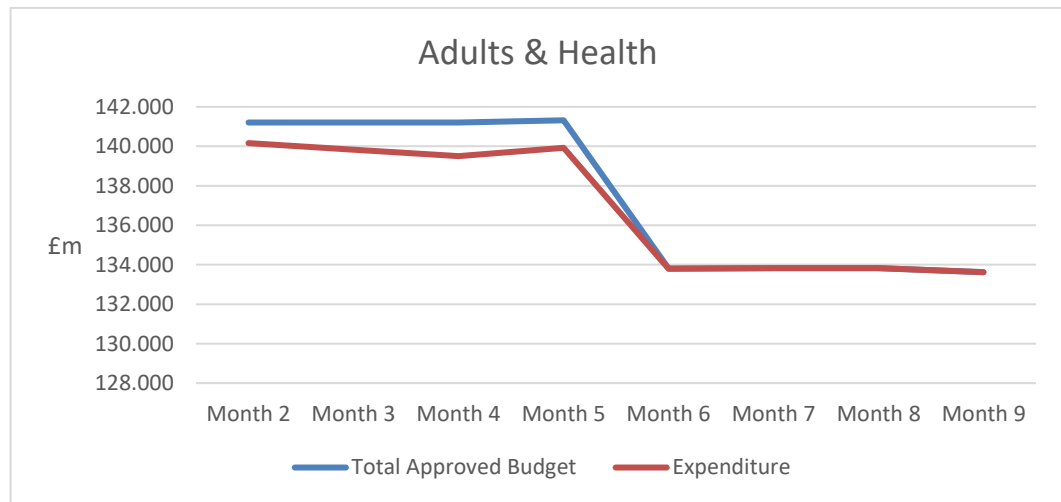


**3.4. Children and Families Operations: overspend £1.602m: movement; adverse £0.062m**

The projected cost of Occupational Therapy equipment purchased via the Integrated Community Equipment Service (ICES) has now been confirmed resulting in a pressure of £0.062m. Equipment prescription is based on assessed need and follows a robust governance process; clinical decision-making panel, senior manager approval and presentation to an advanced authoriser group for final approval to order. Joint funding and charitable funding options are always considered to mitigate the impact on the Council's budget.

- 3.5.** There are some other minor variances from the previous month and the most volatile area of spend for the service, Placements has seen a significant stabilisation of costs with the forecast moving by £0.010m this month. This budget line remains high risk and significant management action continues to mitigate any increases in cost in this area.
- 3.6. Children and Learning Central Commissioning: underspend £0.602m, movement; favourable £0.124m**
- Most areas within the service line have not seen a significant change in forecast from the previous month, with continued pressures remaining in Transport that are being off-set mainly by vacancy savings.
- 3.7.** The West Somerset Opportunities Area (WSOA) grant supports a 3-year programme funded by the DfE to tackle low social mobility and improving opportunities for young people across West Somerset. Although the funding is committed in full to deliver a number of projects, a review of the project delivery plan and receipt of additional funding in the financial year has resulted in an underspend now being reported in 2018/19 of £0.771m, assuming that an additional £0.725m will be allocated to Somerset in February 2019 as suggested by the Department for Education (DfE). The balance of this grant will be requested to be carried forwards as part of outturn and is now being placed in an earmarked reserve in line with the decision made by the Cabinet Member for Children and Families on the 24 January 2018 to allocate all current and future grant funding to deliver the WSOA plan. The underspend is shown as a favourable variance and is reversed out in Planned Use of Earmarked Reserves column in the Headline Summary Table in Appendix A.
- 3.8.** Additional Special Educational Needs (SEN) routes due to increasing SEN numbers and the retendering of Home to School routes has increased the projected expenditure on school transport by £0.058m.
- 3.9.** There have been vacancy savings across the service totalling £0.103m and further minor efficiencies across all services totalling £0.079m.
- 3.10.** The delivery of MTFP savings has progressed since Q2 with £1.195m more now shown as on track or delivered. A number of savings remain undelivered in 2018/19 and the savings will either be delivered in 2019/20 where non-delivery in 2018/19 is due to delayed implementation or the non-delivery of these unachievable savings have been factored into the 2019/20 budget.
- 3.11. Adult Services including Learning Disabilities** (*Net budget £133.623m, £0.000m projected on budget, no movement since month 8*).

The chart below shows the ASC budget variance trend for 2018/19, illustrating how the service has been managing within budget throughout the year to date. The reduction in the budget in month 6 reflects the rebasing of the Council's budget undertaken in September, following the decisions of the Cabinet required to address the projected overspend.



**3.12. Adults and Health Operations: underspend £0.000: no movement**

The forecast for the year across all Adults services is a balanced position against a budget of £133.623m. This is the same as has been reported in previous months, although there have been changes across each of the services

**3.13.** In terms of the overall position, there are pressures of £4.454m against the Learning Disabilities Purchasing budget and £0.572m against Mental Health, which are offset by an underspend in Adult Social Care (£5.050m). There have been small changes since month 8 and the explanations are set out in the paragraphs below.

**3.14.** There have been increases in variation within Learning Disabilities Purchased (adverse £0.158m) and Mental Health (adverse £0.015m), offset by decreases within Commissioning (favourable £0.091m), Adult Social Care (favourable £0.042m) and increased income from the pooled budget (favourable £0.040m). Explanations are set out in the paragraphs below.

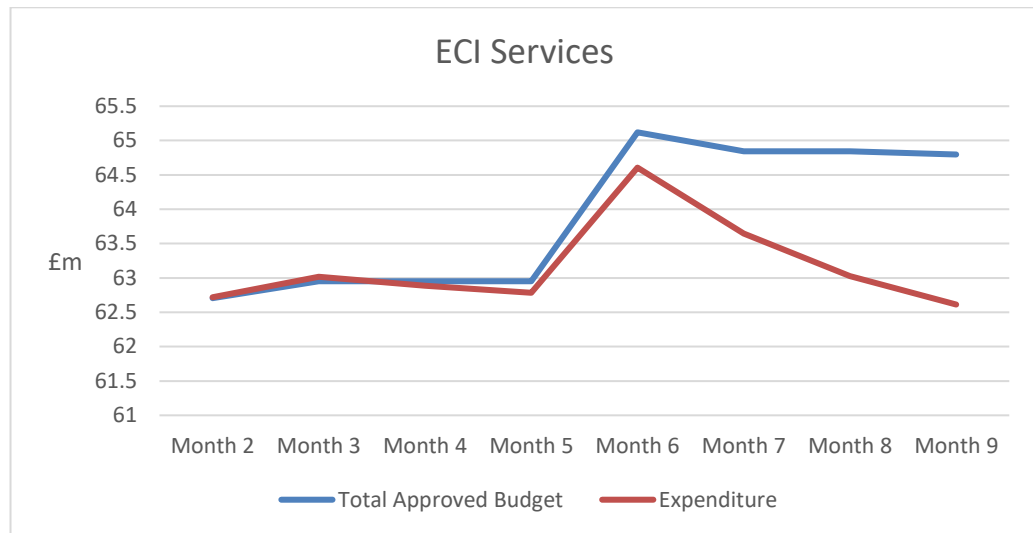
**3.15.** There has been one main change to affect the Learning Disabilities Purchased budget since the previous report. A new residential placement costing £3,000 per week has led to an increase in projection. Despite new placements such as this one there has been a drop in the growth of Learning Disabilities spend during 2018/19. The Council is projecting an increase of just £0.490m between 2017/18 and 2018/19. This compares to growth figures of £1.600m in 2017/18 and £4.700m in 2016/17.

**3.16.** The increased underspend within Adult Social Care is as a result of increased income as opposed to decreased activity. Spend on purchased care has increased by a small amount since month 8 (adverse £0.078m)

but this has been offset by an increase in anticipated income against staffing.

- 3.17.** The increase against the Mental Health budget is due to a number of new placements that although they are having a relatively small effect on this year, the full year effect will increase costs during 2019/20. Mental Health spend has seen growth this year, particularly in Residential placements, and this is a trend that the service will need to be aware of going into the new financial year.
- 3.18.** A spending plan has been developed with the Clinical Commissioning Group for the additional £2.500m winter funding announced by the government in October 2018. This money will be fully spent on additional services aimed at reducing delayed transfers of care, however given the timescales involved it is requested that any slippage in 2018/19 be put into a ring-fenced reserve that can be used to continue funding these services during 2019/20. This would be combined with the additional £2.500m announced in the Autumn Statement for 2019/20.
- 3.19.** The majority of MTFP savings will be achieved in full and are marked as green or blue (complete). The only exception to this is the compulsory unpaid leave saving where £0.005m has been achieved through voluntary unpaid leave, leaving £0.073m outstanding to be managed through the overall budget position.
- 3.20.** Adults Services request that £0.140m be drawn down from the earmarked contingency that funds the Local Assistance Scheme programme costs as indicated earlier in the year.
- 3.21.** A review of the positive impacts of the transformation work on costs and projected demand across ASC means that the service is now in a position to reduce the balance on the Learning Disabilities equalisation reserve by a further £2.500m.
- 3.22.** **Public Health:** *(Net budget £0.961m, £0.580m projected underspend, a favourable movement of £0.080m since month 8)*
- 3.23.** **Public Health: underspend £0.580m, movement; favourable £0.080m**
- The Public Health budget is made up of two elements. The ring-fenced Public Health Grant (£20.723m), which is projected to be fully spent, and £0.961m of Somerset County Council funding. Following a review of all spend there is a further £0.080m underspend, released from the Somerset County Council element of the funding, which can be used to assist with the overall Council position.
- 3.24.** **Economic and Community Infrastructure Services (ECI):** *(Net budget £64.795m, £2.182m projected underspend, a favourable movement of £0.365m since month 8)*

The chart below shows the ECI budget variance trend for 2018/19, illustrating how the service has been increasing its forecast favourable variance over several months.



**3.25. Economic and Community Infrastructure Services: underspend £2.182m, movement; favourable £0.365m**

ECI Services are forecasting an underspend of £2.182m which is 3.37% of the net budget. The service has continued to closely monitor their budgets and ensure all expenditure is justified. In addition, waste tonnages, concessionary fares claims and an increase in traffic regulation order cost recovery has resulted in an overall underspend position. This position also includes the £0.085m pressure for unpaid leave against which ECI have made a saving of £0.006m.

**3.26.** The favourable movement of £0.365m from month 8 is due to several factors. Waste tonnages remain low and the forecast assumes these tonnage trends will continue for the rest of the financial year (£0.075m favourable movement). Property Services have a favourable movement (£0.070m), this is due to Repairs & Maintenance works that can now be capitalised and reduced Facilities Management costs. Traffic Management cost recovery continues to increase, especially around Traffic Regulation Order income (£0.197m favourable movement). Highway Lighting energy cost estimates have reduced increasing the highways underspend (£0.052m favourable movement). Transporting Somerset's underspend has reduced (£0.039m adverse movement) due to an increase in the public bus contract forecasts along with other small movements within the service.

**3.27.** There are still several factors that may change forecasts in quarter 4, including winter and any emergency costs, any upturn in waste volumes and concessionary fares. For example, last year's late and severe weather conditions resulted in additional costs of over £0.500m in Highways.

**3.28. Use of Capital Receipts Flexibility in Economic and Community Infrastructure Services**

The overall ECI Services position assumes that capital receipts flexibilities will be used for the following transformational activities totalling £0.772m:

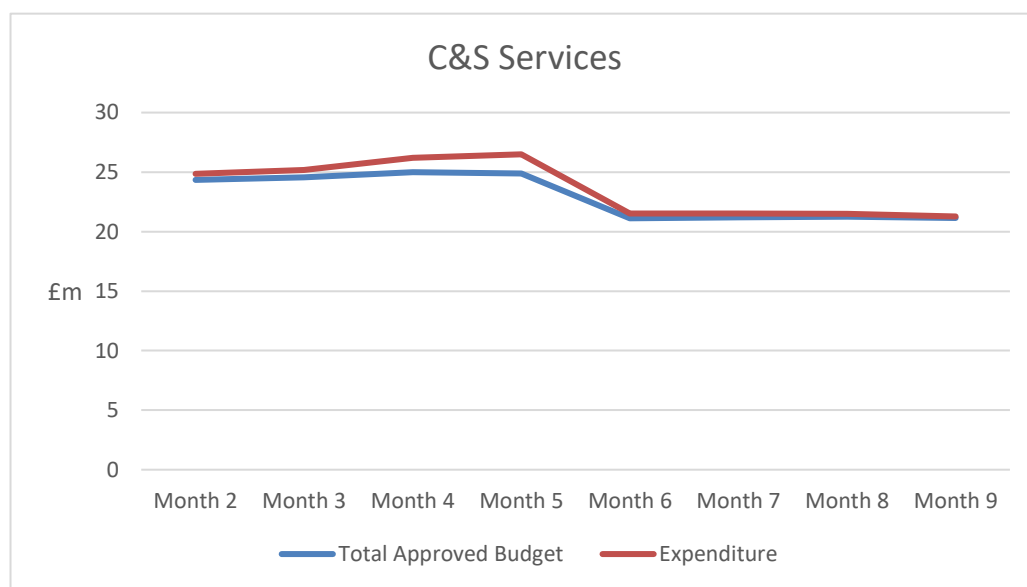
- Economic Development £0.201m for project management, grant management and technical assurance for the Connecting Devon and Somerset Broadband project;

- Libraries £0.277m for costs of transformational work;
- Registration £0.030m to make the service more accessible electronically and to reduce administrative activity in the future;
- Property £0.206m for a number of development projects across the Council's estate, and;
- Commissioning £0.058m for staff undertaking transformational activities.

**3.29.** All the ECI MTFP 1 and MTFP 2 savings will be achieved in full and are categorised as green (on track) or blue (delivered) except for the unpaid leave saving where £0.006m has been achieved through voluntary unpaid leave, leaving £0.079m outstanding (Red), to be managed through the overall budget position.

**3.30.** **Corporate and Support Services (C&SS):** (Net budget £21.153m, £0.121m projected overspend, a favourable movement of £0.134m since month 8)

The chart below shows how the C&SS budget variance trend has moved during for 2018/19, illustrating how the service has managed to control its spend within budget budget over recent months.



**3.31.** Corporate and Support Services: overspend £0.121m, movement; favourable £0.134m

Corporate and Support Services are forecasting an overspend of £0.121m which is 0.57% of the net budget. The overspend position is due to a number of factors such as unachievable cross cutting MTFP savings, Partnership Governance costs and the £0.091m pressure for unpaid leave against which Corporate and Support Services have made a saving of £0.024m.



**3.32.** The favourable movement of £0.134m from month 8 is due to staff vacancies within Customers and Communities (£0.035m favourable movement), which is in the main caused by the Customer Contact Team struggling to recruit. There is also an underspend against an approved carry forward from 2017/18 for community invest to save projects (£0.083m favourable movement). In addition, there are further reductions in spend within ICT (£0.021m favourable movement).

**3.33. Use of Capital Receipts Flexibility in Corporate and Support Services**

The overall Corporate and Support Services position assumes that capital receipts flexibilities will be used for the following transformational activities totalling £2.486m:

- ICT £1.241m for a few projects to upgrade SCC's systems and networks, to improve efficiency and support the Technology and People Programme;
- Business Change £1.081m for their work to support a number of transformation projects across the Council as part of the Core Council Programme;
- Corporate Affairs £0.154m to fund a number of transformational roles within Customers and Communities, and;
- Community Governance £0.010m to partially fund the cabinet member for Education and Transformation and for ICT Transformation within Community Governance.

**3.34.** All the Corporate and Support Services MTFP 1 and MTFP 2 savings are being achieved and categorised as green (on track) or blue (delivered) with the exception of seven savings that aren't fully/partially achievable totalling £0.449m which include £0.067 of the £0.091m unpaid leave saving. £0.327m of these unachievable savings have been factored into the 2019/20 budget.

**3.35. Non-Service** (*Net budget £11.903m, £1.796m projected overspend, an adverse movement of £0.026 since month 8*).

**Non-Service Items: overspend £1.796m, movement; adverse £0.026m**

**3.36.** The forecast position for Non-Service is an overspend of £1.796m. This is an adverse movement of £0.026m from last month's projection and the variances are explained as follows:

**3.37. Investment Income: underspend £0.170m, movement; favourable £0.220m**

Due to a better than expected return on investment (0.93% compared to 0.80% assumed in month 8), the Council is anticipating additional income of £0.220m.

The Council invests funds earmarked for specific purposes i.e. section 106 (income paid to the Council from developers) and the Local Enterprise Partnership (LEP). The interest earned on these balances is contributed to

the specific reserves it relates to, for 2018/19 this is anticipated to be £0.537m.

**3.38. Pension Deficit Charges: underspend £0.847m, movement; favourable £0.847m**

Following a revision to the allocation of the pension deficit recharge to the service, schools are now receiving a more proportionate share of the charge which is funded by their Dedicated Schools Grant resulting in a reduction in the pressure on the Council's budget.

**3.39. Use of Reserves: overspend £2.531m, movement; adverse £1.031m**

As mentioned in month 8 report, as part of the provisional Financial Settlement, the MHCLG allocated a one-off payment for business rates safety net levy of £1.031m to the Council in 2018/19. The variance shown here is the effect of utilising this one off funding to support the general fund. The income being received is seen in the Updated Business Rates Receipts line in the headline table (Appendix A) and has a net nil affect on the Council's overall position. This is a "technical" adverse movement, as the spend against this line is greater than the budget, but the increase in reserves is "favourable".

**3.40. Central Redundancies: overspend £0.220m, movement; no change**

Based on the average figure for redundancies so far this year, and before any redeployment of staff who may be at risk the Council are forecasting an overspend of £0.220m on this budget. This figure does not yet include any decisions that are made in this financial year for the 2019/20 budget, and the individual amounts of redundancy payments due will depend on the individuals leaving the organisation.

**3.41. Discontinued Services: overspend £0.065m, movement; adverse £0.065m**

Discontinued services costs are where the Council is no longer the provider of a function but where there are legacy costs remaining from prior years. This includes pension costs in relation to those functions and there is an inflationary increase is now projected to exceed the reducing cost of individuals concerned by £0.065m.

**3.42. 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.

**3.43. Support Services for Education: surplus £0.294m, movement; favourable £0.016m**

Vacancy savings within Business Services have resulted in an increased surplus.

**3.44.** The Support Services for Education (SSE) overhead recovery contribution to support services is £0.442 less than previously forecast causing a pressure within the budget. A proportion of the trading income that SSE

receive is allocated to SCC support services to cover the cost of overheads. The overhead contribution is dependent on the trading activity levels achieved. This pressure of £0.442m has been offset by a contingency release in 2018/19 and any pressure associated with variances in trading activity levels for 2019/20 will need to be addressed.

**3.45. Dillington House: overspend £0.488m, movement; adverse £0.210m**

Income levels across the main areas of activity are now forecast to come in below the levels budgeted. This is due to significant reductions from weddings arising from the post of Wedding Co-ordinator being vacant during the last year, adult education course attendance being down due to a degree of duplication/repetition in the programme and a decline in take up from existing customers, and as yet no diversification of the programme offer or widening of the customer base. Conference bookings from SCC have decreased by over £0.060m in the last year due to the wider Financial Imperative. Additional income has been secured from other areas such as a wider social events programme and conferences bookings by external organisations. This is not sufficient to offset the reductions elsewhere.

**3.46.** Unfortunately, the impact from developments taking place as part of the revised business plan will not be seen until next financial year, e.g. enabling customers to book Bed and Breakfast accommodation on line through external booking agencies and increasing exposure through wedding fairs, refresh of the education programme, etc. These are deep rooted issues which will take more time to address.

**3.47.** A business case setting out options for the improvement of revenue streams for Dillington House is in preparation. This case will need to consider all options to ensure that this discretionary venture is not a continuing strain on the Council's revenue budget.

**4. Delivery Progress of 2018/19 MTFP Proposals**

**4.1.** In September 2018, the Council approved a further £12.790m of savings proposals to the 2018/19 revenue budget. This section of the report provides an update of the progress towards delivery of the proposals as well as the original £13.418m of savings agreed in February 2018. These savings now have four different status' showing the level of risk around delivery.

Please see Appendix B for a breakdown of savings for each service.

**4.2. Savings**

The different savings status' are as follows:

- Red (controlled): This means that although the saving has been identified as being at risk of delivery, there are plans in place which means either the saving has been acknowledged as undeliverable and this is therefore a pressure or it will be replaced by a different saving.

- Red (uncontrolled): This means the saving has been identified as being at risk of delivery and plans to replace the saving have not yet been agreed via the change control process.
- Green: The saving is on track for delivery.
- Blue: The saving has been delivered.

96% of the MTFP1 & 2 savings have been classified as having a green, blue or red (controlled) status, meaning service directors are confident that these savings will be delivered or in the case of the blue savings, they have already been delivered. This leaves 4% of savings which are 'at risk' of being delivered and mitigations are being developed.

## **5. Capital Receipts Flexibilities**

- 5.1.** Since 2016 the Government has allowed local authorities to use capital receipts to fund transformation projects and consequences that would otherwise have counted against revenue funding. The Council will continue to use this flexibility and details are set out elsewhere in this report. For 2018/19 It is anticipated that approximately £9.6m of expenditure will qualify as transformational against capital receipts funding and it is expected there will be approximately £10.8m of receipts received to support this level of expenditure.
- 5.2.** During the autumn months, in preparation for the 2019/20 budget and MTFP, further work was undertaken in regard of ongoing commitments against capital receipts funding. The use of capital receipts is now reported through the Financial Imperative Team monthly. Each initiative will have business cases to back the transformational activity and the positive impact on the revenue budget. The proposed future use of capital receipts flexibility will be approved at Full Council in February 2019. The council also proposes creating an Invest To Save reserve to capture proposals that might not meet the full statutory definition under the directive but still benefits the council's transformation.
- 5.3** The Capital Receipts Flexibility requests have been reduced by a targeted £1.500m since month 8, to reduce pressure on the availability of capital receipts. As part of drawing the accounts to a close, there will be a review of business cases and some may be funded from revenue sources.

## **6. Aged Debt Analysis**

- 6.1.** The overall debt position shows a total gross debt of £12.833m, of which £1.540m (12.00%) is over 90 days old. This continues the improvement throughout the year, where the figure was over 35% at the start of the year, and 23.09% when last reported to Cabinet. Previous areas where debt has been difficult to collect promptly have improved – the outstanding debt over 90 days with the NHS is significantly reduced from the previous year when it was consistently over £1m, and developer debts over 90 days are down by 90% since the early summer.

**6.2.** Detailed debt information is reported to Audit Committee on a quarterly basis. In addition, a current SWAP audit is being finalised to review our debt collection procedures, and it will inform a review and update of the current Income Code of Practice.

**6.3.** Members are reminded that over the last 3 years, the Council has collected 99% of all the debt raised on our Accounts Receivable system.

Service	Not o'due	0-30 Days	1-3 Mths	3-12 Mths	12+ Mths	Total
	£m	£m	£m	£m	£m	£m
Adults and Health - Commissioning	0.000	0.000	0.437	0.004	0.000	0.441
Adults and Health - Operations	0.069	3.406	1.324	0.717	0.311	5.827
Business Development	0.015	0.830	1.634	0.009	0.037	2.524
Customers & Communities	0.000	0.000	0.001	0.000	0.000	0.001
Children & Family - Operations	0.004	0.159	0.047	0.011	0.004	0.225
ECl - Commissioning	0.001	0.007	0.005	0.004	0.003	0.020
ECl - Operations	0.656	0.970	0.419	0.253	0.116	2.414
School & Early Years	0.032	0.024	0.012	0.003	0.003	0.074
Finance & Performance	0.004	0.098	0.090	0.004	0.006	0.202
Children & Learning - Commissioning	0.199	0.081	0.106	0.011	0.003	0.400
LD Operations	0.008	0.001	0.000	0.010	0.023	0.042
Support Services for Education	0.005	0.306	0.306	0.001	0.000	0.618
Public Health	0.000	0.004	0.002	0.007	0.000	0.013
Voluntary Unpaid Leave	0.032	0.000	0.000	0.000	0.000	0.032
<b>Total (£m)</b>	<b>1.025</b>	<b>5.886</b>	<b>4.382</b>	<b>1.033</b>	<b>0.507</b>	<b>12.833</b>
<b>Total (%)</b>	<b>7.99%</b>	<b>45.87%</b>	<b>34.15%</b>	<b>8.05%</b>	<b>3.95%</b>	<b>100.00%</b>

### **Aged Debt – Service Commentary**

**6.4. Adults and Health: £6.310m**

The amount of debt relating to Adults and Health has increased since quarter two but of particular concern is the increase in debt over 30 days old. There are several large invoices outstanding with other local authorities and the Clinical Commissioning Group. It is a top priority to bring down the overall Adults debt over 30 days old, but particularly those debts that is with partner agencies.

## **6.5. Children and Learning: £1.317m**

The majority of the increase relates to invoices raised to the Clinical Commissioning Group for contributions towards costs of children in specialist provision with therapeutic and health related support. It is expected that settlement will be imminent.

Debts over 90 days are relatively low and represent only 3% of the total amount owed. The majority have repayment plans in place.

Invoices for services delivered to schools and academies through SSTEP have recently been raised increasing the level of debt significantly when compared to quarter 2. These are expected to be settled within the agreed timescales set for debt recovery.

## **6.6. Corporate and Support Services: £2.759m**

C&SS has a total of £0.056m debt over 90 days old. The majority of these relate to Property Services and are being chased by the service or are being dealt with by the Legal Debt Recovery team.

## **6.7. Economic and Community Infrastructure: £2.434m**

ECI has a total of £0.376m debt over 90 days old. The largest single category over 90 days old is in relation to New Roads and Street Works Act charges (£0.131m), which is a reduction of 38.8% since Quarter 2. The service has recently written in detail to the most persistent offender with supporting evidence for payment.

Other categories of debt over 90 days old include a small number of remaining developer debts (£0.088m), a variety of transport debts, including County Ticket (£0.028m), and some outstanding payments for services such as Scientific Services (£0.042m).

## **6.8. Public Health: £0.013m**

Public Health have outstanding debt over 30 days old of £9k, all of which is being managed through the Councils agreed debt procedures.

## **7. The Core Council Programme (CCP)**

### **7.1. Financial Imperative Programme (FIP)**

The financial imperative remains the primary focus of the Core Council Programme and resources continue to be prioritised to support, co-ordinate and monitor the activity required to drive through the delivery of financial savings. In terms of tracking the delivery of savings, 96% of the £12.790m of additional in-year savings approved by Cabinet in September 2018 (MTFP2) have either been delivered or are on track for delivery by 1 April 2019. In addition, 100% of the adjusted original 18/19 MTFP1 savings approved by Full Council in February 2018, amounting to £9.92m, are delivered or are on track to be delivered by 1 April. The approach has enabled the delivery of a balanced budget for 2019/20 with

the identification and development of a further £15.4m of savings proposals for 2019/20 as part of the 2019-22 Medium Term Financial Plan.

## 7.2. Other Programmes and Projects

The following Core Council Programmes and Projects continue to be monitored, unless otherwise stated, with progress reported and aligned to the Financial Imperative activity.

- **Modernising Adult Social Care** – The Adult's Transformation Programme has been reviewed and refreshed and will focus delivery of transformation around four themes to continue to promote independence for the residents of Somerset. These are: Promoting Independence; Learning Disability; Integration, and Technology.
- **Family Support Services** – planning continues to ensure the safe transfer of the Public Health Nursing (PHN) service into Somerset County Council as of the 1 April 2019.
- **Libraries Service Review** – the future of Somerset Libraries Services was decided by Cabinet on 5 November 2018. Workforce redevelopment and the delivery of new service models continues.
- **Improving Children's Services** – Core Council Board (SLT 12/12/18) have agreed to split the remaining SEND Intervention activities between service-led inspection readiness and service transformation. The latter will form part of a rescoped Children's Transformation Programme that is currently being mobilised to continue the improvement journey towards an Ofsted rating of 'Good', whilst linking to Financial Imperative activities and the PeopleToo initiatives.
- **Technology & People Programme (TAP)- Closed out of CCP**  
The Technology and People (TAP) Programme closed in November 2018 having succeeded in laying the foundations for ongoing technology and people transformation. 3,300 SCC staff have been upgraded to Windows 10 within a 12-month period enabling significant potential productivity improvement through reduced log in times alone. The number of unlicensed, out of date and unsupported business applications reduced from over 2,500 to just 380, significantly reducing costs and improving security.

7.3. Services are now expected to continue to explore and adopt new ways of working that will streamline processes and reduce cost, duplication and inefficiency to create a leaner, more flexible workforce. This has been, and will continue to be, an enabler for service savings that have supported the MTFP process. Further development of the Council-wide Technology Champion community and the Change & Adoption approach will help facilitate efficiencies across the Organisation going forward.

## 7.4. Evolution of the Core Council Programme

The next evolution of the Core Council Programme during quarter 4 will consider the transformation and dependencies between new strategic

priorities, the continued financial imperative work and what would need to be considered in relation to the organisation's design principles.

## **8. Background papers**

- 8.1.** Cabinet – 12 Sept 2018 – Revenue Budget Monitoring 2018/19 Month 4
- Cabinet – 19 Dec 2018 – Revenue Budget Monitoring 2018/19 Month 7
- Cabinet – 23 Jan 2019 – Revenue Budget Monitoring 2018/19 Month 8
- Cabinet – 19 Dec 2018 – Medium Term Financial Plan Strategy Report

### **Note:**

For sight of individual background papers please contact the report author(s):

**Adults and Health:** Lizzie Watkin, 01823 355212, [EWatkin@somerset.gov.uk](mailto:EWatkin@somerset.gov.uk)

**Children and Learning:** Lizzie Watkin, 01823 355212, [EWatkin@somerset.gov.uk](mailto:EWatkin@somerset.gov.uk)

**Economic & Community Infrastructure:** Sarah Rose, 01823 355643,  
[serose@somerset.gov.uk](mailto:serose@somerset.gov.uk)

**Support Services & Non-Service:** Sarah Rose, 01823 355643,  
[serose@somerset.gov.uk](mailto:serose@somerset.gov.uk)

**Financial Planning:** Leah Green, 01823 359785, [LXGreen@somerset.gov.uk](mailto:LXGreen@somerset.gov.uk)

Compiled by: Leah Green, 01823 359785, [LXGreen@somerset.gov.uk](mailto:LXGreen@somerset.gov.uk)



## Appendix A – Revenue Budget Monitoring Month 9 – Headline Summary Table

Service	Original Base Budget	Budget Movements	Total Budget Approvals	Negative (+) Variances	Positive (-) Variances	Planned Use of Earmarked Reserves	Planned Use of Capital Receipts Flexibility	Net Variance Under (-) / Overspend		Previous Cabinet Report *	Movement from Previous Report
	£m	£m	£m	£m	£m	£m	£m	£m	%	£m	£m
Adults and Health	141.284	-7.661	133.623	8.043	-9.509	4.000	-2.534	<b>0.000</b>	0.00%	0.000	0.000
Children and Families - Operations	46.279	14.589	60.868	3.369	-1.669	0.000	-0.097	<b>1.602</b>	2.63%	1.540	0.062
Children and Learning - Commissioning	19.750	4.829	24.579	0.723	-1.826	0.574	-0.073	<b>-0.602</b>	-2.45%	-0.478	-0.124
Public Health (SCC funding)	1.026	-0.065	0.961	0.000	-0.580	0.000	0.000	<b>-0.580</b>	60.35%	-0.500	-0.080
ECI Services	66.745	-1.950	64.795	4.937	-5.295	-1.053	-0.772	<b>-2.182</b>	-3.37%	-1.817	-0.365
<b>Key Services Spending</b>	<b>275.084</b>	<b>9.742</b>	<b>284.826</b>	<b>17.072</b>	<b>-18.879</b>	<b>3.521</b>	<b>-3.476</b>	<b>-1.762</b>	<b>-0.62%</b>	<b>-1.255</b>	<b>-0.507</b>
Corporate and Support Services	20.106	1.047	21.153	4.602	-3.266	1.269	-2.486	<b>0.121</b>	0.57%	0.255	-0.134
Non-Service Items (Inc Debt Charges)	22.692	-10.789	11.903	2.947	-1.688	0.537	0.000	<b>1.796</b>	15.09%	1.770	0.026
Trading Units	0.000	0.000	0.000	0.700	-0.506	-0.194	0.000	<b>0.000</b>	0.00%	0.000	0.000
<b>Support Services and Corporate Spending</b>	<b>42.798</b>	<b>-9.742</b>	<b>33.056</b>	<b>8.249</b>	<b>-5.460</b>	<b>1.612</b>	<b>-2.486</b>	<b>1.917</b>	<b>5.80%</b>	<b>2.025</b>	<b>-0.108</b>
Updated Business Rates Receipts	0.000	0.000	0.000	0.338	-3.060	0.000	0.000	<b>-2.722</b>	0.00%	-1.691	-1.031
Technical Adjustment (Capital Receipts Flexibilities)	0.000	0.000	0.000	0.000	0.000	0.000	1.500	<b>1.500</b>	0.00%	0.000	1.500
<b>SCC Total Spending</b>	<b>317.882</b>	<b>0.000</b>	<b>317.882</b>	<b>25.659</b>	<b>-27.399</b>	<b>5.133</b>	<b>-4.462</b>	<b>-1.067</b>	<b>-0.34%</b>	<b>-0.921</b>	<b>0.146</b>

Original Base Budget = Budget set by the Council on 21 February 2018

Budget Movements = Transfers between services, not affecting the total budget for 2018/19

Total Budget Approvals = Revised budget after movements

Positive variance = One that improves the projected outturn position

Negative variance = One that deteriorates the projected outturn position.

**Appendix B: Savings Month 9 Quarter 3 (2018/19)**

Service	Value of Approved Saving MTFP 1 & 2	Red (controlled)	Red (uncontrolled)	Green (on track)	Blue (delivered)
Adults and Health	7,034,000		73,300	432,700	6,528,000
Adults and Health - Commissioning	20,000				20,000
Public Health	107,000			107,000	
<b>Adults and Health</b>	<b>7,161,000</b>	<b>-</b>	<b>73,300</b>	<b>539,700</b>	<b>6,548,000</b>
Children and Families - Operations	1,692,400	125,400	256,000	887,000	424,000
Children and Learning - Commissioning Central	3,614,100	887,000	509,500	1,701,100	516,500
<b>Children's</b>	<b>5,306,500</b>	<b>1,012,400</b>	<b>765,500</b>	<b>2,588,100</b>	<b>940,500</b>
ECI Other Services	5,145,700		79,400	2,875,500	2,190,800
<b>Economic and Community Infrastructure</b>	<b>5,145,700</b>	<b>-</b>	<b>79,400</b>	<b>2,875,500</b>	<b>2,190,800</b>
<b>Key Service Spending</b>	<b>17,613,200</b>	<b>1,012,400</b>	<b>918,200</b>	<b>6,003,300</b>	<b>9,679,300</b>
Corporate and Support Services	4,922,400	1,751,728	121,800	325,172	2,723,700
<b>Corporate and Support Services</b>	<b>4,922,400</b>	<b>1,751,728</b>	<b>121,800</b>	<b>325,172</b>	<b>2,723,700</b>
<b>Total Services</b>	<b>22,535,600</b>	<b>2,764,128</b>	<b>1,040,000</b>	<b>6,328,472</b>	<b>12,403,000</b>
<b>Non-Service</b>	<b>3,696,000</b>				<b>3,696,000</b>
<b>Total Non-Service</b>	<b>3,696,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,696,000</b>
<b>TOTAL</b>	<b>26,231,600</b>	<b>2,764,128</b>	<b>1,040,000</b>	<b>6,328,472</b>	<b>16,099,000</b>
<b>Percentage</b>		<b>11%</b>	<b>4%</b>	<b>24%</b>	<b>61%</b>

Somerset County Council

Cabinet

– 11 February 2019

**Capital Investment Programme 2018/19 – Quarter 3 Report**

Cabinet Member(s): Mandy Chilcott – Cabinet Member for Resources

Division and Local Member(s): All

Lead Officer: Peter Lewis – Interim Director of Finance

Author: Ian Trunks – Finance Manager, Capital

Contact Details: PJJLewis@somerset.gov.uk Tel: 01823 359028

	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
<b>Report Sign off</b>	County Solicitor	Honor Clarke	23/01/2019
	Monitoring Officer	Scott Wooldridge	23/01/2019
	Corporate Finance	Ben Bryant	23/01/2019
	Human Resources	Chris Squire	23/01/2019
	Senior Manager	Peter Lewis	23/01/2019
	Cabinet Member	Mandy Chilcott	23/01/2019
	Opposition Spokesperson	Liz Leyshon	23/01/2019
	Relevant Scrutiny Chairman	Anna Groskop	23/01/2019
<b>Forward Plan Reference:</b>	FP/18/11/08		
<b>Summary:</b>	This report outlines the progress against the County Council's Capital Investment Programme position for the third quarter of the 2018/19 financial year and shows some scheme acceleration compared with the report published at the end of the second quarter.		
<b>Recommendations:</b>	<b>The Cabinet is recommended to note the contents of this report.</b>		
<b>Reasons for Recommendations:</b>	To inform members of the financial position for the Capital Investment Programme relating to the financial year 2018/19.		
<b>Links to Priorities and Impact on Service Plans:</b>	The Capital Investment Programme is the means by which the Council provides the assets and infrastructure required to deliver the County Plan.		
<b>Consultations undertaken:</b>	Information and explanations have been sought from service managers on individual aspects of this report and their comments included as appropriate.		

<b>Financial Implications:</b>	The financial implications are dealt with in detail in the body of the report.
<b>Legal Implications:</b>	There are no specific Legal implications arising directly from the report.
<b>HR Implications:</b>	There are no specific HR implications arising directly from the report.
<b>Risk Implications:</b>	In the current financial climate, the need and timing of schemes is being scrutinised. Any slippage within the Capital Investment Programme could incur additional costs associated with delivering services, such as; additional costs for transporting children to schools and failure to deliver school places as the need occurs may result in cost pressures such as for educational placements.
<b>Other Implications (including due regard implications):</b>	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.
<b>Scrutiny comments / recommendation (if any):</b>	Not applicable.

## 1. Background

- 1.1. This report provides a corporate overview of the financial aspects of the Capital Investment Programme (CIP) for the 2018/19 financial year. It highlights movements in the programme since the end of September contained in the second quarter report to Cabinet on 19 November 2018.

## 2. 2018/19 Capital Programme – movements from the last quarter

### 2.1. Active Approvals 2018/19

- 2.1.1. CIP active approvals at the end of September 2018 stood at £782.448m. There have been several movements between the end of September and the end of December amounting to a net decrease in approvals of £62.035m. There was an additional DfT grant announced in the 2018 Budget of £9.980m. This is offset by £72.374m for the removal of completed schemes. This exercise is usually reserved for the start of each financial year. However, following a request made at the previous cabinet meeting, we have undertaken a review of the Capital Programme and removed completed schemes where the full approvals have been utilised. Details of all other minor movements can be found in Appendix A.

- 2.1.2. The resulting programme contains approvals of £720.413m; details at service level are contained in Appendix A. Of this sum £395.818m was spent in prior years leaving £324.595m available to complete the package of projects within the CIP.

## **2.2. Forecast Expenditure**

- 2.2.1. At the end of December 2018 services were forecasting future expenditure of £323.896m 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 develop 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. At this stage of the year, the actual programme should be fully developed as individual projects are finalised. The forecasts provided within this report will set the basis for the Council's expected outturn position.
- 2.2.3. The forecast expenditure for the end of December 2018 shows that there has been an increase in the 2018/19 forecast of £7.545m from £126.388m to £133.933m.

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 £719.714m will be required to complete the programme. Of this £323.896m will be required in the current and future financial years after taking into account the £395.818m incurred prior to 31 March 2018. This is £0.699m less than the approval currently available (£720.413m). This is made up of a number of schemes as detailed in Appendix D. Budgetary Controls are in place and any overspends will be managed as per section 4.1.5. of this report.

## **2.4 Other Matters**

### **Capital Receipts**

- 2.4.1. Capital Receipts are the sums received from the sale of assets where the proceeds exceed £0.010m.

Net useable receipts up to the end of December 2018 after taking into account the costs of sale amounted to £7.235m. Current estimates based on completed or progressed sales indicate a high level of confidence in achieving a total of £10.772m by the end of the financial year. Realising this

sum will however depend on circumstances some of which are outside the direct control of the County Council including the wider economic outlook and third-party engagements. £1.855m of the approved capital programme is funded by capital receipts.

### **Local Enterprise Partnership**

- 2.4.2. SCC are the accountable body for the Heart of the South West LEP. Within our capital programme we include the LEP approval and forecasted expenditure. This money is solely for the LEP to spend on their projects. Any SCC LEP funded projects are included within the relevant SCC service heading.

## **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 remains the key risk within the capital investment programme. We are bidding for funding to the DfE and through the Housing Infrastructure Fund to provide significant resource for future capital programme requirements.

#### **4.1.2. Capital Receipts**

Increasingly limited capital resources continue to place further demands on the Council to rationalise its use of assets and develop shared facilities with other public and third sector organisations.

One of the authority's current objectives is to maximise asset utilisation and release surplus assets to fund transformation initiatives. This has the benefit of easing pressure within the revenue budgets.

In the local government settlement for 2018/19, the Government announced an extension to the greater flexibility for Councils in the use of capital receipts from the sale of non-housing assets over a 3 year period. This flexibility will allow Councils to continue to use these receipts to fund the revenue costs of service reform and transformation. As a result, Somerset County council plan to fund around £9.6m of revenue transformation from 2018/19 receipts. As part of drawing the accounts to a close, there will be a review of business cases and some transformation projects may be funded from revenue instead. To reduce pressure on the availability of capital receipts this review will target a reduction of £1.5m.

#### 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 identified 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 the programme is being actively managed by services. Generic approvals are being managed as costs become more certain and the programme of work adjusted accordingly, allowing for greater certainty in forecasting. Where overspends are predicted, these will be managed within the existing programme approvals to come in on or under budget.

Any decisions regarding movement of approvals will be made with the agreement of Directors and Members where appropriate.

### **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. 2018/19 CIP Quarterly Monitoring Reports to Cabinet

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

This page is intentionally left blank



## Cabinet

- 11 February 2019

## Capital Investment Programme Approvals

Col 1	Col 2	Col 3	Col 4		Col 5		Col 6	Col 7	Col 8					
Row No.	Service Area	Approvals as at end of Sept 2018	New Schemes Oct to end Dec	N O T E S	Alterations to Existing Schemes	N O T E S	Removal of Completed Schemes	Technical Changes	Approvals as at end Dec 2018					
										£m	£m	£m	£m	£m
1	Schools - Primary and Secondary Sector	258.031					-23.729	-0.572	233.730					
2	Local Enterprise Partnership	121.333							121.333					
3	Highways and Traffic Management	116.933			+9.980	2	-33.856	-0.065	92.992					
4	Economic Development	112.615							112.615					
5	Highways Engineering Projects	71.696							71.696					
6	Support Services	48.910					-3.021		45.889					
7	Schools - SEN and Access	14.636					-7.389	+0.572	7.819					
8	Early Years and Community Services	12.413					-2.456		9.957					
9	Flood And Water	9.506							9.506					
10	Adult Social Care and Learning Disabilities	6.529					-0.861		5.668					
11	Other Services	9.846	+0.359	1			-1.062	+0.065	9.208					
12	<b>TOTAL</b>	<b>782.448</b>	<b>+0.359</b>		<b>+9.980</b>		<b>-72.374</b>		<b>720.413</b>					

## Notes:

1. Other Services (+£0.359m)

This figure comprises of:

- +£0.359m of grant funding for the Public Transport Smart Ticketing Project.

2. Highways & Traffic Management (+£9.980m)

As announced in the Government's 2018 Budget, DfT have allocated an additional amount of grant to SCC in the financial year 2018/19. The purpose of this funding is to aid Highway capital budgets (potholes, Bridges and Structures, Minor Highway Improvements, etc.).

A key decision paper is currently being written to outline how the extra funding will be utilised.

Members should note that within the Technical changes column (col 5) there is a virement totalling £0.572m between School Special Provision and Schools Access Initiative. This virement, 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.

## Cabinet

- 11 February 2019

## Forecast Expenditure for 2018/19 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>
<b>Service Area</b>	<b>Current Year £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 onwards £m</b>	<b>Total</b>
Schools - Primary and Secondary Sector	25.366	41.100	46.066	27.358	0.275	140.165
Local Enterprise Partnership	35.691	16.861				52.552
Highways and Traffic Management	31.476	9.915	0.859	0.001	0.001	42.252
Economic Development	10.500	22.684	7.424			40.608
Highways Engineering Projects	16.526	3.699				20.225
Support Services	7.468	6.426	0.135	0.014		14.043
Schools - SEN and Access	1.720	0.195	0.005			1.920
Early Years and Community Services	1.032	3.322	1.024	0.140		5.518
Flood And Water	1.401					1.401
Adult Social Care and Learning Disabilities	1.303	0.300	0.097	0.097	0.071	1.868
Other Services	1.450	1.638	0.256			3.344
<b>TOTAL</b>	<b>133.933</b>	<b>106.140</b>	<b>55.866</b>	<b>27.610</b>	<b>0.347</b>	<b>323.896</b>
<b>Financing</b>						
Loans Pool Funded	21.489	44.878	46.540	27.512	0.276	140.695
Internal Funds	0.138					0.138
Capital Receipts	1.307	2.738	1.335			5.380
Revenue	0.097					0.097
Third Party Contributions	11.974	2.366	5.608	0.098	0.071	20.117
Grants	98.928	56.158	2.383			157.469
Leasing						
<b>TOTAL</b>	<b>133.933</b>	<b>106.140</b>	<b>55.866</b>	<b>27.610</b>	<b>0.347</b>	<b>323.896</b>

## Cabinet

- 11 February 2019

## 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>	<i>Col 7</i>
<b>Service Area</b>	<b>Current Year £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 onwards £m</b>	<b>Total</b>
<b>Forecast Expenditure Movements</b>						
<b>TOTAL as at end July</b>	<b>126.388</b>	<b>106.124</b>	<b>50.665</b>	<b>30.769</b>	<b>0.411</b>	<b>314.357</b>
Schools - Primary and Secondary Sector	-2.455	-2.268	+6.919	-3.161	-0.065	-1.030
Local Enterprise Partnership	+8.108	-6.495	-1.613			+0.000
Highways and Traffic Management	+1.136	+8.678	+0.032	+0.001	+0.001	+9.848
Economic Development	+0.295	-0.295				
Highways Engineering Projects	+1.854	-1.378	-0.246			+0.230
Support Services	-0.661	+0.247	+0.012	+0.001		-0.401
Schools - SEN and Access	+0.583	-0.010	-0.001			+0.572
Early Years and Community Services	-0.589	+0.488	+0.098			-0.003
Flood And Water						
Adult Social Care and Learning Disabilities	-0.063	+0.063				
Other Services	-0.663	+0.986				+0.323
<b>TOTAL as at End September</b>	<b>133.933</b>	<b>106.140</b>	<b>55.866</b>	<b>27.610</b>	<b>0.347</b>	<b>323.896</b>
<b>Financing Movements</b>						
<b>TOTAL as at end July</b>	<b>126.388</b>	<b>106.124</b>	<b>50.665</b>	<b>30.769</b>	<b>0.411</b>	<b>314.357</b>
Loans Pool Funded	-0.303	-3.434	+6.389	-3.160	-0.065	0.573
Internal Funds						
Capital Receipts	-0.004	+0.002				0.002
Revenue	+0.007					0.007
Third Party Contributions	+1.532	-1.393	-0.214	+0.001	+0.001	0.073
Grants	+6.313	+4.841	-0.974			10.180
Leasing						
<b>TOTAL as at End September</b>	<b>133.933</b>	<b>106.140</b>	<b>55.866</b>	<b>27.610</b>	<b>0.347</b>	<b>323.896</b>

## 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 – Primary and Secondary Sector

N O T E S	Project	Current Year £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 onwards £m
1	Schools DFCCG	-0.150	+0.150			
2	Schools Basic Need	-0.747	-2.788	+6.761	-3.161	-0.065
3	Schools Safeguarding	-0.149	+0.230	-0.081		
4	Schools Conditions	+0.040	-0.503			
5	Early Years Conditions	-0.289	-0.000	+0.289		
6	Schools Capital	-0.502	+0.502			

1. **Schools Devolved Formula Capital Grants** – Some slippage is expected within this area. Although Qtr 4 usually sees an upturn in requests from Schools we are still expecting this to be less than forecasted at Qtr 2.
2. **School Basic Need** – This relates to delays in delivery of ASD base projects at Yeovil Preston and Yeovil Oaklands plus the application of Section 106 money at Wellington Court Fields.
3. **Schools Safeguarding** – There are 58 projects in this programme and the movement relates to the latest updated position for all projects which have seen some slip into 2019/20 for delivery.
4. **School Condition Programme** – This relates to additional projects at Lovington and Street Elmhurst which have been added to the programme where issues have needed to be addressed urgently.
5. **Early Years Condition** – Delay in the delivery of a project at Ilchester which is linked to an ongoing legal claim.
6. **Schools Capital** – This relates to movements of a number of smaller projects within the school's condition programme but examples of significant movement relate to a delay with a major re-cladding project at Taunton Sky College which had to be re-tendered due to low interest from contractors and high prices being returned and a project at Priddy which is being held up in order to obtain the required permissions.

## Local Enterprise Partnership

N O T E S	Project	Current Year £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 onwards £m
1	Local Enterprise Partnership	+8.108	-6.495	-1.613		

1. **Local Enterprise Partnership** – An increase in LEP expenditure during 2018/19 has been indicated on their latest claim forms. This is subject to various claiming bodies (other Local Authorities, Colleges, etc.) being able to provide evidence of their expenditure prior to year end deadlines.

## Highways and Traffic Management

N O T E S	Project	Current Year £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 onwards £m
1	Bridge Structures	+0.129	-0.129			
2	Vehicle Incursions on Network Rail Property	-0.125	+0.125			
3	CIM Bridgwater	-0.121	+0.121			
4	Traffic Signals	-0.614	+0.614			
5	Bridgwater Hospital	-0.085				

1. **Bridge Structures** – Some spend has been forecasted for acceleration although this will depend on contact frameworks being in place.
2. **Vehicle Incursions on Network Rail Property** – This relates to specific works to implement mitigation measures at four sites in Somerset to reduce road vehicle incursion onto railway where it runs adjacent to or under the public highway. At present the schemes have yet to be designed leading to slippage into 2019/20.
3. **CIM Bridgwater** – Slippage caused by resources being used on other major schemes at present.
4. **Traffic Signals** – Slippage due to having to procure a framework contract to deliver works as existing contract did not offer best value.
5. **Bridgwater Hospital** – Scheme has been completed within budget.

## Highways Engineering Projects

N O T E S	Project	Current Year £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 onwards £m
1	Taunton NIDR	+0.020	+0.200			
2	Bridgwater Train Station	-0.123	+0.123			
3	Colley Lane Southern Access Road, Bridgwater	+2.872	-2.627	-0.246		

1. **Taunton Northern Inner Distribution Road** – Whilst this road has been open for some time, we continue to work towards closing the financial arrangements associated with this scheme, following the contractor going into receivership. Funds are required to complete works in the vicinity of the Taunton Station/ Firepool access point. Discussions are taking place with a view to recommending a virement of approval from underspending schemes within the existing programme.
2. **Bridgwater Train Station** – This scheme is delivered by Great Western Railway and Network Rail. It was announced in December that the planned start date had been pushed back from January 2019 to late Spring. Forecasts have been updated to reflect this.
3. **Colley Lane, Bridgwater** – Expected expenditure in year on Colley Lane Southern Access Road has increased in this financial year due to better than anticipated progress on construction works, with a subsequent reduction in 2019/20.

## Support Services

N O T E S	Project	Current Year £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 onwards £m
1	Planned Maintenance	-0.155	+0.156	-0.001		
2	Corporate Property Improvements	-0.092	+0.064	+0.013	+0.014	
3	Corporate ICT Investment	-0.400				

1. **Planned Maintenance** – Slippage is in part due to the current vacancy of the Corporate Surveyor post impacting resources available to deliver projects. A match funding grant bid linked to a Library project was unsuccessful which has delayed the implementation of that project.
2. **Corporate Property Improvements** – Slippage is in part due to a current vacancy of the Corporate Surveyor posts impacting resources to deliver projects, plus an anticipated extension to an end of tenancy claim on a Farm property which is now likely to fall in 2019/20.
3. **Corporate ICT Investment** – ICT Service have indicated an underspend within their current approvals. They have suggested the approval can either be used to supplement next year's bid, and reduce the need for additional borrowing, or can be vired to other areas within the current capital programme to help offset any over spends.

## Economic Development

N O T E S	Project	Current Year £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 onwards £m
1	iAero Centre	+0.295	-0.295			

1. **iAero Centre** – Progress on this scheme has resulted in a slight acceleration in spend for 2018/19.

## Early Years & Community Services

N O T E S	Project	Current Year £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 onwards £m
1	Getset	-0.120	+0.060	+0.060		
2	Early Years Basic Need	-0.466	+0.428	+0.038		

1. **Getset** – Delays in delivery of the Getset programme are linked partially to the current vacancy of the Corporate Surveyor and the ongoing review around the Getset service and buildings which has delayed works from being undertaken.
2. **Early Years Basic Need** – Various projects in Early Years have been reviewed and either put on hold or cancelled. This relates particularly to a project at Yeovil Oaklands.

## Other Services

N O T E S	Project	Current Year £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 onwards £m
1	Bridgwater Library	-0.050	+0.050			
2	P&R Real Time Information	+0.050	-0.085			
3	Fleet Replacement Programme	-0.714	+0.783			

1. **Bridgwater Library** – This project has been delayed due to a change in the external funding bid. Expenditure now expected in 2019/20.
2. **P&R Real Time Information** – There are no plans to spend this funding at present.
3. **Fleet Replacement** – Delays with the tendering process for new minibuses have resulted in slippage into 2019/20. Orders are now being placed but none of the vehicles are likely to be received by year end.



## Cabinet

- 11 February 2019

**Net projected over/under spend as at 31 December 2018**

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	
<b>Service Area</b>	<b>Approvals Position as at end December 2018 £m App A Col 7</b>	<b>Predicted Over Spend £m</b>	<b>Predicted Under Spend £m</b>	<b>+Over/- Under spend as % of Approval Col 3 or 4/Col 2</b>	<b>N O T E S</b>
Schools - Primary and Secondary Sector	<b>233.730</b>		-0.444	-0.19%	1
Local Enterprise Partnership	<b>121.333</b>				
Highways and Traffic Management	<b>92.992</b>		-0.048	-0.05%	2
Economic Development	<b>112.615</b>				
Highways Engineering Projects	<b>71.696</b>	+0.656		0.91%	3
Support Services	<b>45.889</b>		-0.600	-1.31%	4
Schools - SEN and Access	<b>7.819</b>				
Early Years and Community Services	<b>9.957</b>				
Flood And Water	<b>9.506</b>				
Adult Social Care and Learning Disabilities	<b>5.668</b>				
Other Services	<b>9.208</b>		-0.263	-2.86%	5
<b>TOTAL</b>	<b>720.413</b>	<b>+0.656</b>	<b>-1.355</b>	<b>-0.10%</b>	

Notes – Summarised below are details of the key items contributing towards the -£0.698m forecasted under spend reported in the above table.

1. This sum comprises of the following:
  - £0.464m under spend of grant for Schools Conditions;
  - £0.012m under spend of capital receipts for West Somerset College ATP works;
  - £0.009m over spend of grant for 30 Hours Delivery Support Fund;
  - £0.023m over spend of borrowing for Yeovil Huish Primary School.
  
2. This sum comprises of the following:
  - £0.084m under spend of contributions for Bridgwater Hospital;

- £0.005m under spend of grant for Speed Indicator Devices;
  - £0.001m under spend of contributions for Ilchester - Yeovil Cycleway;
  - £0.042m over spend of grant for Bridgwater Sustainable Transport Improvements.
3. This sum comprises of the following:
- £0.092m under spend of contributions for Wyndham Park Bus Gate;
  - £0.013m under spend of contributions for Market Street, Highbridge;
  - £0.010m over spend of contributions for Cannington Traffic Calming;
  - £0.031m over spend of grant for A38 Huntworth Roundabout;
  - £0.720m over spend of grant for Taunton NIDR.
4. This sum comprises of the following:
- £0.400m under spend of borrowing for Corporate ICT Investment;
  - £0.087m under spend of capital receipts for SMART Office;
  - £0.062m under spend of capital receipts for Change Programme;
  - £0.032m under spend of capital receipts for Northgate;
  - £0.027m under spend of capital receipts for OPE Williton;
  - £0.011m under spend of contributions for Data Room Replacement;
  - £0.004m under spend of contributions for OPE Williton;
  - £0.023m over spend of capital receipts for CASA Glastonbury.
5. This sum comprises of the following:
- £0.092m under spend of loan for Fleet Replacement;
  - £0.080m under spend of grant for Bridgwater and Taunton Canal;
  - £0.035m under spend of grant for Park & Ride Real Time Information Signs;
  - £0.022m under spend of grant for Libraries Management System;
  - £0.020m under spend of borrowing for Bridgwater and Taunton Canal;
  - £0.014m under spend of contributions for Bridgwater and Taunton Canal.

---

## **Report of the Scrutiny for Policies, Adults and Health Committee on Medium Term Financial Plan 2019/20**

Chair: Cllr Hazel Prior-Sankey

Division and Local Member: All

Lead Officer: Scott Wooldridge, Strategic Manager – Governance & Risk

Author: Lindsey Tawse, Democratic Services Team Leader

Contact Details: 01823 357628, [swouldridge@somerset.gov.uk](mailto:swouldridge@somerset.gov.uk)

### **1. Summary**

- 1 This report summarises some of the key areas of debate and the recommendations arising from the Scrutiny for Policies, Adults & Health Committee meeting on 30 January 2019 having considered the Medium Term Financial Plan for Adult Services.

### **2. Recommendations and comments from the Committee**

- 2 Following lengthy debate, significant concern was raised regarding the long-term funding of Adult Social Care services and Members questioned whether the authority could do more to proactively campaign in support of this.

#### **1. Proposed by Cllr M Healey, seconded by Cllr B Revans**

**The Scrutiny for Policies, Adults & Health Committee recommends that the Cabinet, in partnership with other stakeholders including Group Leaders and Somerset MP's, takes a leading role in proactively lobbying central government about the urgent need for sustainable long-term funding for adult social care in Somerset.**

- 2 Significant concern was also raised regarding the sustainability of the adult services budget beyond 2019/20. In particular, Members were concerned that significant pressure would be caused if Adult Social Care services are required to make any further savings or if other service areas were not able to operate within their budgets.

#### **2. Proposed by Cllr B Revans, seconded by Cllr M Healey**

**The Scrutiny for Policies, Adults & Health Committee wishes the Cabinet to be aware of the future risk to adult social care funding, particularly the future capacity to deliver further savings and the impact this will have on preventative services.**

### **3. Consultation**

- 3 Cabinet Members and SLT Directors were present at the Committee meeting to respond to any specific questions or alternative proposals. All Members present at the Committee meeting were provided with the opportunity to fully contribute at the meeting.

### **4. Implications**

- 4 The Committee carefully considered the covering report and attachments, points raised during debate and asked for further information about the implications at the meeting. For further details of the reports considered by the Committee please contact the author of this report.

### **5. Background papers**

- 5 Further information about the Committee including the agendas and reports from 30<sup>h</sup> January 201 meeting are available via the Council's website.  
<http://democracy.somerset.gov.uk/ieListDocuments.aspx?CId=186&MId=782&Ver=4>

**Revenue Budget - Medium Term Financial Plan 2019-22**

**Cabinet Member(s):** Cllr Mandy Chilcott – Cabinet Member for Resources

**Division and Local Member(s):** All

**Lead Officer:** Peter Lewis, Director of Finance

**Author:** Peter Lewis, Director of Finance

**Contact Details:** 01823 359028

	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
	County Solicitor	Honor Clarke	28/01/19
	Monitoring Officer	Scott Wooldridge	28/01/19
	Corporate Finance	Peter Lewis	28/01/19
	Human Resources	Chris Squire	28/01/19
	Property	Paula Hewitt / Claire Lovett	28/01/19
	Procurement / ICT	Simon Clifford	28/01/19
	Senior Manager	Peter Lewis	28/01/19
	Commissioning Development Team	<a href="mailto:commissioningdevelopment@somerset.gov.uk">commissioningdevelopment@somerset.gov.uk</a>	29/01/19
	Local Member(s)	All	
	Cabinet Member	Cllr Mandy Chilcott	28/01/19
	Opposition Spokesperson	Cllr Liz Leyshon	29/01/19
	Relevant Scrutiny Chairman	Cllr Anna Groskop	28/01/19
<b>Forward Plan Reference:</b>	FP/18/11/05		
<b>Summary:</b>	<p>Following the Medium Term Financial Strategy paper considered by Cabinet on 19 December 2018, this report now sets out in more detail the proposals to deliver a balanced budget for 2019/20. It also sets out proposals for 2020/21 and 2021/22 that develop the Council's financial resilience over the long-term while also supporting the delivery of the Council's key priorities within the Council's vision to create:</p> <ul style="list-style-type: none"> <li>• A thriving and productive County that is ambitious, confident and focussed on improving people's lives;</li> <li>• A county of resilient, well-connected and compassionate communities working to reduce inequalities;</li> <li>• A county where all partners actively work together for the benefit of residents, communities and businesses and the environment, and;</li> <li>• A county that provides the right information, advice and guidance to enable residents to help themselves and targets support to those who need it most.</li> </ul> <p>Despite the on-going reductions in Government funding, and the increasing demand for core services, such as in children's and adult services, the Council continues to make progress in delivering quality services to residents, within the resources available to the organisation.</p>		

A key announcement to inform the detailed planning for 2019/20 was the provisional Local Government Financial Settlement, published on 13 December 2018. This confirmed many of the planning assumptions, for example the limits on council tax increase permissible without a referendum: 3% for general council tax and a cumulative 6% over three years (2017-2020) for adult social care. Having applied a total of 5% in the prior two years, this report proposes the final 1% increase in adult social care council tax flexibility is taken up in 2019/20.

The Council also welcomed the announcement as part of the Financial Settlement that Somerset has been accepted as a 75% Business Rate Pilot alongside the County's district and borough councils for 2019/20. This presents an opportunity to develop partnership working across local government in Somerset to benefit the economic prosperity of the County as well as apply some relief to the financial challenges of each partner. However, since this is a one-year pilot, the opportunities will be limited.

Planning beyond 2019/20 with certainty remains a significant challenge since 2019/20 is the final year of the four-year settlement period and a Spending Review (SR) is being prepared by the Government for consultation in 2019 and due to apply from 2020/21. Alongside a new SR, the Government are also reviewing the system behind funding allocations (known as the Fair Funding Review) and have published two further consultations as part of the Financial Settlement for response by 20 February 2019: Business Rate Reform consultation and Relative Needs and Resources consultation.

Alongside the provisional Financial Settlement, a number of other service specific grants have also recently been announced which have been built into the financial plan. Broadly these have confirmed the previous planning assumptions, although overall the Council has an estimated additional funding of £1.424m across areas known so far. Although confirmation has been received the Authority will be receiving an allocation the actual amounts are not known at the time of writing, so our service teams have estimated (based on past allocations and service knowledge) the possible value of the award.

Within the planning assumptions, there are also several grants (totalling £9.347m) where the Authority has yet to receive any formal confirmation. As above, the service teams have used their service knowledge and past allocations to determine the value (if any) of allocations due in 2019/20 and concluded that £9.347m is a reasonable estimate. Any variations to the estimates will be reported to members during the year through the budget monitoring process.

As reported in the Medium-Term Financial Plan Strategy paper in December 2018, the detailed work on the County Council's finances showed that the Authority requires to spend £338m on delivering its services to residents in 2019/20. It also showed that the funding available fell short of that and after implementing several initiatives a further set of proposals for change to the value of £15.411m were required for 2019/20 to set a balanced budget. Of this sum, decisions

relating to approximately £6.899m of proposals have already been made and details of the remaining £8.512m of proposals are set out in this paper for consideration by Cabinet and recommendation to the Council accordingly.

Across all three years of the MTFP (2019-22), the financial analysis in December 2018 showed that the funding falls short of need by £28m in total (including the £15.411m above), so the Council needs to consider what it delivers and how it is delivered to reduce spend in line with funding.

This report includes details of actions necessary to manage spend down as well as details of further change plans to ensure a robust and balanced budget is prepared for 2019/20 for consideration and approval by members.

Whilst this paper sets out detailed proposals for 2019/20, including risks and equality implications, and outline plans for 2020/21 and 2021/22, in view of a new settlement and formula expected for these latter years, it is not considered prudent to drive hard for further savings proposals to be developed at this time. It is, however, essential to recognise that any proposals not agreed for 2019/20 will have a negative effect on 2020/21 and beyond.

Elsewhere at this meeting, the quarter three 2018/19 budget monitoring position for the current financial year reflects the continued good progress in delivery of in year proposals agreed in September 2018 and ongoing management of the budget: forecasting an underspend of £1.067m. As advised in December 2018, opportunity has been taken to partially replenish the Council's diminished reserves, which will support the financial resilience of the Council and hence the MTFP 2019-22.

Overall, it is considered that the budget for 2019/20 and the MTFP for the period to 2022 have been prepared on a robust basis, identifying known pressures and making reasonable assumptions about future funding and other potential pressures. In particular there has been a focus on ensuring that the financial provision for Children's Services is rebased to provide a realistic budget for the continued improvement journey in that area. The improved projection for the General Fund reserve will further support the Council through future uncertainties, especially the outcome of the Spending Review 2019 and the outcome of the Fair Funding Review, both impacting 2020/21.

**Recommendations:**

- That the Cabinet agree and recommend to Full Council to:
1. Agree a gross revenue budget of £776.640m and a net revenue budget in 2019/20 of £327.578m
  2. Agree the application of up to £2.791m in 2019/20 of capital receipts to fund the revenue costs associated with reforming services, subject to further development and review of business cases.

3. Delegate authority to the S151 Officer, in consultation with the Chief Executive and the Director for Customers & Communities – Corporate Affairs to review all business cases before agreeing to the use of capital receipts or the Invest to Save reserve.
4. Agree the replenishment of depleted reserves as follows:
  - a. Create Invest to Save earmarked reserve of £2.852m to ensure resources are available to support further service reform;
  - b. Addition of £2.000m to the General Fund, from the base budget provision, to bring the balance up towards a reasonable level for a Council of this size, and;
  - c. Contribute an additional £2.079m to repay the Buildings Maintenance Insurance Scheme (BMIS) deficit reserve as the scheme has now ended;
  - d. Addition of £0.360m to the Insurance Fund to partially replenish the fund to enable it to support likely claims against the Council.
5. Agree the actions required to manage the gap to be reduced to £15.112m in 2019/20:
  - the reversal of previously identified savings and technical adjustments totalling £18.154m as set out in paragraph 4.5 and [Appendix A](#)
  - approve the revised Minimum Revenue Provision (MRP) statement and policy ([Appendix B](#)), which delivers a saving in 2019/20 of £3.714m;
  - the reduction of the corporate contingency by £0.575m to £7.226m for 2019/20;
  - the use of the additional one-off Adult Social Care grant of £2.498m to meet the requirements set out by Government for this grant;
  - the use of the additional one-off Social Care grant of £4.267m for social care pressures, and;
  - approve the removal of the staff unpaid leave saving of £0.454m following rejection of the proposal by the Unions.
6. Agree the proposals for change (as set out in [Appendix D](#) and [Appendix E1-E5](#)) necessary to set a balanced budget for 2019/20, totalling £8.512m, and delegate the implementation to the relevant director(s) following due process.
7. Agree that due regards have been taken to any equalities implications identified and risk implications prior to any decision being taken in relation to the recommendations in this report, noting the initial equalities impacts as set out in [Appendix C](#).
8. Agree that the savings target relating to Waste Disposal costs (£225k) is endorsed to the Somerset Waste Board to consider agreeing to make savings to this value as part of setting its 2019/20 budget.



9. Agree the Strategy for the Flexible use of Capital Receipts (CRF) as set out in this report, in section 4.38.
10. Agree to keep the Scheme of Members' Allowances unchanged for 2019/20.
11. Note that the Leader of the Council, Cabinet Member for Resources, Chief Executive and Section 151 Officer will oversee and monitor the delivery of the proposals for change and report on progress as part of the budget monitoring reports.
12. Delegate authority for the development of any additional alternative proposals for change that may be necessary to the Chief Executive in consultation with the Section 151 Officer and relevant Director(s).
13. Agree that the Cabinet and the Council have reviewed and confirmed that account has been taken of the Section 151 Officer's assessment of the robustness of estimates and adequacy of reserves as set out in section 6 of this report.
14. Agree the Reserves and Balances Policy Statement in [Appendix K](#)
15. Agree to increase the level of the general Council Tax by 2.99%, which will provide a further £7.057m to support the Councils expenditure.
16. Agree to increase Council Tax by a further 1% for the adult social care precept, which will provide a further £2.360m to support the growth in demand for services.
17. Agree to continue 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 £2.542m
18. Agree to set the County Council precept for band D Council Tax at £1,239.73 which represents a 3.99% uplift. This is a rise of £0.91 per week for a Band D property, as set out in [Appendix H](#).
19. Note that the amount of council tax payable for dwellings listed by valuation band, calculated in accordance with the proportion set out in Section 5(1) of the Local Government Act 1992, shall be as follows:

Valuation Band	Amount (£)
A	826.48
B	964.23
C	1,101.98
D	1,239.73
E	1,515.23
F	1,790.72
G	2,066.22
H	2,479.46

20. Agree that the district councils are requested to make payments totalling £245.415m to Somerset County Council of sums due under precepts calculated in proportion to their council tax Band D equivalents as follows:

District	Total Precept (£)
Mendip District Council	50,204,172.57
Sedgemoor District Council	50,300,400.42
South Somerset District Council	74,713,661.66
Somerset West & Taunton	70,196,965.35
<b>Total</b>	<b>245,415,200.00</b>

21. Note that the district councils are required to make payments of precept by equal instalments of the above sums on the following dates:

18	April	2019	18	October	2019
22	May	2019	18	November	2019
21	June	2019	17	December	2019
22	July	2019	20	January	2020
20	August	2019	18	February	2020
19	September	2019	18	March	2020

22. Additionally, note that payments be made by the district councils (or to them) in respect of the estimated surplus/(deficit) on their collection funds by the 31 March 2019\*

\*although the final value of both the Council Tax and Business Rates collection fund surplus/(deficit) have yet to be confirmed by districts, the Council has estimated a surplus of £3.000m for the council tax collection fund and a break-even (£nil) position for the business rates. To avoid late changes to the budget, any changes to funding will be applied to the General Fund.

23. Agree to maintain the Council Tax rate set above after the Final Local Government Settlement.

24. Delegate powers to the Section 151 Officer following consultation with the Leader of the Council, to finalise budget proposals following receipt of the Final Local Government Settlement.

**Reasons for Recommendations:**

Preparing a coherent, confident and realistic Medium Term Financial Plan (MTFP) for the County Council is essential to ensure that the corporate plan and service delivery priorities of the Council can be achieved, and that financial sustainability can be secured.

Furthermore, preparing a robust and deliverable budget for the forthcoming financial year, 2019/20, is a statutory obligation as well as being key to the effective management of the Council.

	<p>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.</p> <p>The recommendations also recognise the separate responsibilities for:</p> <ol style="list-style-type: none"> <li>1. The County Council to set the Annual Budget for 2019/20</li> <li>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.</li> </ol>
<p><b>Links to County Vision, Business Plan and Medium Term Financial Strategy:</b></p>	<p>Preparing a coherent, confident and realistic Medium Term Financial Plan (MTFP) for the County Council is essential to ensure that the corporate plan and service delivery priorities of the Council can be achieved, and that financial sustainability can be secured.</p>
<p><b>Consultations and co-production undertaken:</b></p>	<p>No detailed consultations have been undertaken at this time, but such consultation as is required will be arranged as the agreed proposals for change are developed and implemented by the relevant directors.</p>
<p><b>Financial Implications:</b></p>	<p>This report describes the overall financial position of the Council for future years; all financial implications are described within the report.</p> <p>The Council's financial position has been set out in this report. Members are under a legal obligation (Local Government Finance Act 1992) to set a balanced budget and in doing so are obliged, under normal administrative principles, to take into account the various relevant factors, particularly in respect of consultation and equalities. Members are entitled to exercise their political judgement, paying due regard to the relevant factors rather than being absolutely determined by them.</p>
<p><b>Legal Implications:</b></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>The proposals in this report enable the County Council to meet its statutory requirements in respect of:</p> <ul style="list-style-type: none"> <li>• Determining a balanced budget;</li> <li>• Setting a Council Tax Requirement;</li> <li>• Issuing Precepts on the District Councils;</li> <li>• Making a statement on the Minimum Revenue Provision.</li> </ul> <p>The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the statement of the chief finance (s.151) officer as</p>

	<p>to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.</p> <p>The report sets out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully.</p> <p>Members are also individually 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.</p>
<p><b>HR Implications:</b></p>	<p>There are no specific HR implications arising directly from this report, but the Council will follow its HR policies and processes as directors implement agreed, relevant specific proposals for change.</p>
<p><b>Risk Implications:</b></p>	<p>The Government's continued deficit reduction programme has significantly reduced the levels of funding available to local government. The Council faces substantial on-going challenges to achieve a sustainable balanced budget due to this and the increasing demand on its key services, especially those for vulnerable children and adults.</p> <p>It is important that Members understand the risks to approved budgets, maintaining enough 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. As savings become ever more difficult to identify and then deliver, it is imperative that expenditure is kept within existing budgets.</p> <p>The key risks are identified on the strategic risk register and particularly within risk ORG0043. These include:</p> <p>1 The availability and use of reserves and the revenue contingency: these are critical in being able to manage peaks in demand and costs incurred. This report recognises the need for adequate reserves and contingencies and aims to adopt a reasonable approach to maintaining both.</p> <p>2 The potential for overspends in specific demand led service budgets: these seem to be more stable in recent months although the outlook for some demand led areas can alter relatively quickly. The risk of overspends continues to be mitigated through detailed budget review and challenge sessions which are generating an improved understanding of the budget and hence actions, which are delivering improved control of expenditure within all services.</p>

3 Setting a balanced budget for 2019/20: this report sets out the principles of the creation of the budget and how resources can be allocated to deliver priority services.

This risk is reassessed on a monthly basis to determine if the likely of the risks set out in the register can be reduced. Given the assessment in this report, it is felt that the likelihood score can reduce following consideration and approval of the budget for 2019/20 in February 2019.

<b>Likelihood</b>	<b>5</b>	<b>Impact</b>	<b>5</b>	<b>Risk Score</b>	<b>25</b>
-------------------	----------	---------------	----------	-------------------	-----------

**Equalities Implications**

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. 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.

The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to:

- (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

What the duty requires is consideration of all available information, including the potential impacts and mitigations to ensure a fully informed decision is made.

Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded. The duty applies both to Full Council when setting the budget and to Cabinet when considering particular decisions.

Equality Impact Assessments (EIAs) have been undertaken for each of the savings proposals, where necessary, and an overarching EIA commentary has been included within this section and in [Appendix C](#).

**Cumulative Equality and Diversity Impacts for the 2019/20 Medium Term Financial Plan (MTFP) (see [Appendix C](#))**

Based on the proposals put forward within this report there are a number of impacts, which, when looked at together, could have combined impacts on characteristics protected under the Equality Act 2010. They are:

- There are a number of proposals that could affect **disabled people**. This could be through what services are available for people to access, the services that are available being reduced or their ability to navigate Somerset independently.

**Other Implications (including due regard implications):**

- **Women** are also more likely to be impacted by a combination of proposals. As women are still more likely to provide a child or adult caring role they could be disproportionately affected by the changes to support services for disabled people and young people.

When considering these identified cumulative impacts, it is also worth considering the outstanding elements from decisions taken in-year. This could be because the decision has been delayed due to consultation being completed or a phased implementation to a decision already taken. When these are looked at they can contribute or create new cumulative impacts such as:

- **Women** could be further impacted with the remainder of the reductions in funding to Advice Services. The additional reductions in youth services could place more of a burden on women who are more likely to be the main care givers in a home. This could then be further impacted by reductions to support provided to families.
- Taking these additional savings into account there could be a cumulative impact on **young people**. This would be through a further reduction in youth services, and the support provided to their parents through the GetSet services.

There are some mitigations identified within the individual proposals to minimise the impacts identified. This includes

- working with the voluntary and community sector to provide some of the support services we currently provide
- providing sign posting and advice on alternative areas of support and services

### **Community Safety Implications**

There are no community safety implications arising from the contents of this report.

### **Sustainability Implications**

There are no sustainability implications arising from this report.

### **Health and Safety Implications**

There are no health and safety implications arising from this report.

### **Privacy Implications**

There are no privacy implications arising from this report.

### **Health and Wellbeing Implications**

There are no health and wellbeing implications arising from this report.

<b>Scrutiny comments / recommendation (if any):</b>	Each Scrutiny Committee will have considered the budget and proposals for change relating to their respective service areas before the Cabinet meets. Feedback from the Scrutiny Committees will be made available to the Cabinet at their meeting.
---	---

## Contents

## Paragraphs

<b>Section 1:</b> Introduction	1.1. – 1.3.
<b>Section 2:</b> National context for Public Finances	2.1. - 2.13.
<b>Section 3:</b> Local context – Council Plan priorities	3.1. – 3.3.
<b>Section 4:</b> Medium Term Financial Plan (2019-22)	4.1. – 4.53.
<b>Section 5:</b> Revenue Budget Proposals for 2019-22	5.1. – 5.3.
<b>Section 6:</b> Reserves and Balances	6.1. – 6.31.
<b>Section 7:</b> Future Financial Risks	7.1. – 7.1.
<b>Section 8:</b> Background Papers and Appendices	8.1. – 8.2.

### 1. Introduction

- 1.1. The current financial climate faced by the Council means focused attention to setting a robust balanced budget for 2019/20 and proposals for the subsequent two years has been an extensive process. It has involved the Cabinet and Scrutiny Committees, commencing with a strategic, top down process starting in the late summer and continuing to develop detailed budget proposals throughout the autumn that take account of the Council priorities anchored in the Corporate Plan.
- 1.2. The Cabinet has been actively engaged in this planning process, formally through a Cabinet paper in September 2018 proposing in-year actions to manage the forecast overspend budget position for 2018/19 and in December 2018 to consider the strategic direction of the MTFP for the period 2019-22.
- 1.3. This paper builds upon the report presented to the Cabinet in December 2018. It sets out the technical details of the provisional Local Government Financial Settlement, how this impacts the budget for 2019/20 and it describes the proposals for change for consideration by Cabinet for recommendation to the Full Council meeting on 20 February 2019. Information on the potential budgets for the financial years 2020/21 and 2021/22 is also set out in this report, not least because of the strong inter-relationship between the financial years.

### 2. National context for Public Finances

- 2.1. Whilst the provisional Local Government Financial Settlement for 2019/20 detailed below gives certainty for the Council's core Government funding for 2019/20, this is the final year of the current four-year Spending Review meaning that the funding for 2020/21 and 2021/22 is much less certain. Both the Chancellor of the Exchequer in his Autumn Statement (29 October 2018) and the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) when he announced the provisional Settlement on 13 December 2018, have acknowledged the desire of the sector for an early and a multi-year Settlement into 2020/21 and beyond, although no firm proposals exist. Contrary to some media reports suggesting that 'austerity is over', the Institute of Fiscal Studies analysis has identified that despite the Government's

continued trend of announcing additional resources to top up previous plans, set out in the four-year settlement in 2016, these have not kept pace with rising spending pressures. They comment that the reduction in public spending is expected to continue until 2022/23 and that, as in the past, non-NHS departments will face further real terms cuts of around 6.5% beyond 2020. Indeed, the Local Government Association has estimated that authorities face a funding gap of £3.2 billion in 2019/20, so there seems to be no prospect of the financial pressures easing soon.

2.2. In the autumn of 2018 the Government announced some additional funding for Adult Social Care as follows:

- *2018-19 Winter Pressures Grant*

In early October the Secretary of State for Health and Social Care Matt Hancock announced the Winter Pressures Grant; an additional £240m in 2018-19 for social care to prevent bed-blocking. Whilst recognising the reductions in Delayed Transfers of Care (DToc) the Minister said, *“This additional funding is intended to enable further reductions in the number of patients that are medically ready to leave hospital but are delayed because they are waiting for adult social care services”*. The £240m has been allocated according to the adult social care relative needs formula, which for this Council means £2.498m.

- *2019-20 Winter Pressures Grant and Social Care Support Grant*

In the autumn Budget the Chancellor announced a repeat of the £240m Winter Pressures Grant for 2019/20 and, although allocated on the same basis as for 2018/19, there is a requirement to pool these funds into the Better Care Fund (BCF) via the improved BCF.

- An additional £410m for adults and children’s social care was also announced and this council will receive £4.267m. Whilst the money is un-ringfenced MHCLG has said that “the funding has been given in response to councils’ concerns about pressures on adult and children’s social care services and the expectation is that councils will use the funding to meet those pressures”.

2.3. The provisional Settlement reiterates the Government’s intention to publish a green paper on Adults’ Social Care. Although no precise date is known, the Secretary of State for MHCLG has indicated that this will be published ‘soon’ and in the summer the Government had confirmed that it will include proposals for younger adults as well as support for older people.

2.4. Further, the Government have published their 10-year NHS plan in January 2019, which sets out how they aim to improve the quality of patient care and health outcomes and includes outlining how it will spend the £20.5 billion budget announced by the Prime Minister in summer 2018. Although details are not yet known this does indicate a commitment to increased NHS funding which may adversely impact on the funding available for local government.

2.5. Nationally all sections of the Dedicated Schools Grant are facing cost pressures with the most significant pressure on the High Needs Block. This national position applies to this Council and as part of the management actions to address the pressures a detailed High Needs Deficit Recovery Plan is being progressed with Somerset Schools Forum to identify action required to bring spend back in line and set clear additional action to address the recovery the cumulative deficit position.

2.6. The second year of the Governments national 2% pay offer for local government



workers is in 2019/20 and although the Government are funding these costs for NHS pay, this is not the case for local government and therefore local authorities must absorb the extra spending pressure from within the reducing funding available from central Government. For this Council, the 2% pay pressures (including increments) amounts to £3.017m, which has been budgeted for accordingly. There is no clarity about likely awards beyond 2019/20, so the MTFP (2019-22) proposals include a provisional pay award budget of £1m for the latter two years.

2.7. Alongside the Settlement figures for 2019/20, the MHCLG have launched two consultations relating to the on-going review of future funding of Local Government, both with a response deadline of 21 February 2019:

- Fair Funding Review proposals, which will determine the relative needs and resources distributions across local authorities, and;
- the future system design of Business Rates Retention, which will specify the details for business rate reform and increased local retention.

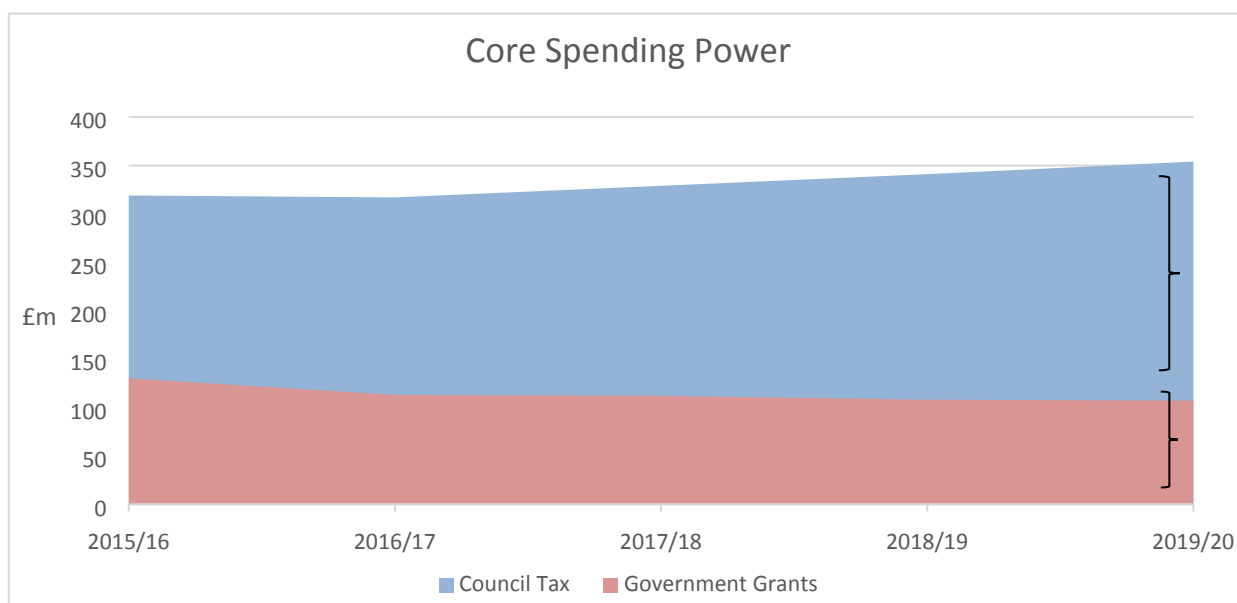
2.8. The Government have reiterated their plan to implement the reformed funding system with effect from 2020/21 and published an expected timeline for consultation over the summer 2019, with detailed exemplifications (where an authority may be able to assess the likely financial impact for them), available in the autumn 2019. Therefore, this MTFP includes prudent assumptions for the latter two years, broadly that the Councils' level of core funding will continue as for 2019/20 i.e. no material difference for future years. The Council will pro-actively engage with the Government in the development of the new system to ensure an improved share of the funding allocation for Somerset residents.

2.9. The key points emerging from the provisional Local Government Financial Settlement are:

- No change to allocations for authorities, including this Council, who took up the four-year deal except for the removal of 'negative Revenue Support Grant (RSG)' from the settlement via forgone business rate receipts. Somerset was not impacted by the negative RSG and hence received no benefit of this additional funding.
- General Council Tax precept increase threshold, above which a referendum would be required, was confirmed as expected at 3%. This will raise £7.057m for the Council.
- The Adult Social Care precept increase threshold will remain at 2%, with a total not exceeding 6% between 2017-20. Having already increased by 5% in the previous two years, this means the limit for this council is 1% in 2019/20, which will raise an additional £2.360m.
- A total of 15 new 75% BRR pilot areas, for 2019/20 only, were announced. This includes Somerset and the continuation of 100% pilots in Devolution Deal Areas in 2019/20 plus 75% BRR pilots in London, Berkshire, Buckinghamshire, East Sussex, Hertfordshire, Lancashire, Leicestershire, Norfolk, North & West Yorkshire, Northamptonshire, North of Tyne, Solent authorities, Staffordshire & Stoke, West Sussex and Worcestershire. This will generate an estimated additional gain for Somerset area of £6.7m, with £3.4m being allocated to a county wide pot for use to generate economic growth across the area and the County Council specifically a receiving a gain of an estimated £1.2m.

- An increase of £16m to a national total of £81m for the Rural Service Delivery Grant was announced. This is an increase from £1.928m to £2.403m for this Council.
- An additional £20m has been awarded to support housing growth and will be paid via New Homes Bonus (NHB), taking the national total up to £918m. This increases the Council's funding by £0.155m to £2.390m for 2019/20. The Government have increased this allocation to enable the Government to sustain grant allocations based on housing growth above 0.4%. Further, a consultation how to incentivise housing growth most effectively is expected in 2019.

2.10. Within the provisional Settlement, the Government publishes what it calls an analysis of 'core spending power (CSP)' for each authority. This makes assumptions about the level of each authority's own local resources (i.e. Council Tax) and combines this with the core funding allocations made by Government. The stated aim of this analysis is to ensure Government allocates its grant reductions to achieve a roughly equal percentage change in authorities' CSP totals while keeping its own expenditure within HM Treasury limits. This aim is what led to the negative RSG position as part of the four-year settlement in 2016/17. Although not directly affected by negative RSG, this Council, alongside others, has seen its proportion of government grant and local funding alter considerably over the last five years, from 41%:59% in 2015/16 to 30%:70% in 2019/20, as illustrated by the chart below:



2.11. The above shift is despite the Government having amended the grants included and it now includes improved BCF and adult social care support grant. Whilst the national increase between 2018/19 and 2019/20 is 1.03%, the increase for this Council is 3.8%, although this does assume the maximum increase in council tax by all authorities.

2.12. As well as core funding details announced through the provisional Settlement various other service specific grants have also recently been confirmed and details are explained later in this report. However, at the time of this report, the Council awaits confirmation of £9.347m of service specific grants and the budget proposals have been built on the basis that the level of spending will match the levels of grant assumed and be adjusted accordingly if relevant.

2.13. Due to the absence of any Spending Review after 2019/20, and in view of the upcoming

review of local government funding promised by Government through the FFR and BRR reviews, together with the economic uncertainty around how the UK will leave the EU, there is a high level of uncertainty in planning the level of funding beyond 2019/20.

### **3. Local context – Council Plan priorities**

- 3.1. The Councils MTFP (2019-22) budget is set to ensure that the Council can deliver on the priorities set out in the County Vision which acknowledges the need to refocus increased resources into prevention and demand management over time in line with the improving lives strategy and to support the longer-term sustainability of the Council.
- 3.2. Our Vision is all about improving lives by creating:
  - A thriving and productive County that is ambitious, confident and focussed on improving people's lives;
  - A County of resilient, well-connected and compassionate communities working to reduce inequalities;
  - A County where all partners actively work together for the benefit of our residents, communities and businesses and the environment in which we all live, and;
  - A County that provides you with the right information, advice and guidance to help you help yourself and targets support to those who need it most.
- 3.3. The Council has a Business Plan and supporting Service Plans which set out how the Council's Vision will be delivered, identify the budgets allocated and how performance will be monitored. These are currently in the process of being refreshed to reflect the councils core offer and MTFP proposals.

### **4. Medium Term Financial Plan (2019-22)**

#### **4.1. 2018/19 Budget Position**

The quarter 3 budget monitoring report, based upon actual spending to the end of December 2018, shows a projected underspend to the year-end of £1.067m. This is a 0.3% variance on a revenue budget of £317.882m. In addition to this projected underspend, opportunity has been taken to make a further contribution to reserves and to release some pressure on the need to use Capital Receipts Flexibilities to support the revenue budget. Both of these adjustments will further improve the resilience of the Council and the robustness of the accounts.

- 4.2. Controlling the 2018/19 budget has been a priority of the Council for several months and is it welcome that the focus and efforts are producing the benefit of a projected underspend. This is particularly important considering the challenging financial position the Council must address from 2019/20 onwards to ensure a financially sustainable position. Delivering robust control of current spending is essential to laying the foundations for managing a challenging budget for 2019/20. In addition, producing an underspend in 2018/19 will enable a partial replenishment of the reserves, which will improve the resilience of the Council and hence its ability to address the financial uncertainties beyond 1 April 2020.

#### **4.3. Next three financial years: 2019/20 to 2021/22**

Over the autumn months Somerset County Council has been developing budget proposals for the MTFP (2019-22). The Strategy paper to Cabinet in December 2018 up-dated on the considerable progress made to ensure a robust MTFP was developed that recognised all service demands, was realistic about whether previous savings proposed were deliverable and adjusted funding assumptions to reflect the most current prudent knowledge.

- 4.4. In December 2018 the detailed work on the Council's finances showed that the Council needs to spend a net £338m on delivering its services to residents in 2019/20, and that funding available across the three-year MTFP period fell short of need by £28.533m, £15.112m being the gap in 2019/20, as illustrated in Table 1 below:

**Table 1: Indicative Budgets and funding shortfall as at December 2018**

2018/19 Budget £m	Service	2019/20 Indicative Budget £m	2020/21 Indicative Budget £m	2021/22 Indicative Budget £m
141.149	Adults Services	132.561	133.599	135.225
65.895	Children Services	84.884	84.937	86.376
66.547	Economic and Community Infrastructure Services	67.400	68.167	70.197
1.023	Public Health	0.749	0.749	0.749
<b>274.614</b>	<b>Key Services</b>	<b>285.593</b>	<b>287.451</b>	<b>292.547</b>
20.577	Corporate and Support Services	24.222	24.228	24.240
34.697	Non-service items (inc Debt Charges)	35.436	39.162	42.817
<b>329.887</b>	<b>Support Services &amp; Corporate</b>	<b>345.251</b>	<b>350.841</b>	<b>359.604</b>
(12.580)	Un-ring-Fenced Grants	(11.077)	(6.332)	(6.078)
3.913	General Reserves	2.000	2.000	2.000
(0.900)	Earmarked Reserves	1.679	0.970	0.522
0.164	Insurance Fund	0.525	0.422	0.422
(2.602)	Capitalisation Flexibility and Capital Fund	(0.468)	0.000	0.000
<b>317.882</b>	<b>Net Budget Requirement</b>	<b>337.909</b>	<b>347.901</b>	<b>356.470</b>
0.000	<b>Financed By</b>	0.000	0.000	0.000
(16.082)	Revenue Support Grant	(6.076)	0.000	0.000
(14.275)	Individual Authority Business Rates Baseline	(16.137)	(16.460)	(16.789)
(51.426)	Business Rates Top-up	(52.222)	(53.266)	(54.331)
0.322	Business Rates Collection (Surplus) / Deficit	0.000	0.000	0.000
(0.500)	Business Rates Collection Pool	(0.800)	0.000	0.000
(3.163)	Council Tax Collection (Surplus) / Deficit	(3.000)	0.000	0.000
(215.379)	Locally Collected Council Tax (Inc. est. Tax base increases)	(224.652)	(232.068)	(239.091)
(14.871)	Council Tax Adult Social Care	(17.378)	(17.574)	(17.727)

(2.507)	Council Tax Somerset Rivers Authority	(2.533)	0.000	0.000
0.000	<b>Budget (Surplus) / Deficit</b>	<b>15.112</b>	<b>28.533</b>	<b>28.533</b>
<b>Actual gap assuming prior year balanced, and gap closed</b>			<b>13.420</b>	<b>0.000</b>

#### 4.5. **Prior year savings unachievable or alternative funding sources identified**

A key principle of the MTFP budget build has been to ensure all budgets are robust and deliverable, meaning that several previously agreed savings that are not now deliverable and or are to be funded from alternative sources, have been recognised in the proposed budgets. This includes a total of £18.154m across 2019/20 and 2020/21 and, as indicated in the December Strategy paper, a schedule of all the adjustments is attached in [Appendix A](#) for member consideration.

The main changes related to: alternative funding for Learning Disabilities purchased services (Review to Improve Lives), £3.059m; and the reversal of prior year savings for: technology and people (TAP) initiatives £6.846m; £2.749m linked to procurement (Commercial and Third Party spend), and £2.667m relating to Transport savings.

#### 4.6. **Actions taken to manage gap down requiring Cabinet approval**

Beyond the above there are several other actions required to manage the gap down to £15.112m in 2019/20 that are now set out below for Cabinet consideration and approval:

- Following a change to the Minimum Revenue Provision (MRP) policy after taking advantage of new and more flexible regulations but still complying with the requirement to be affordable, the Council will make a saving of £3.714m in 2019/20 by reducing the budget requirement. The MRP is a provision made in the accounts for the repayment of long-term debt when it becomes due. The updated policy is attached in [Appendix B](#) for approval.
- It is considered prudent to reduce the corporate contingency by £0.100m to £7.226m in recognition of the improved financial outlook.
- The use of the additional one-off Adult Social Care grant of £2.498m to meet the requirements set out by Government for this grant (net nil impact on the budget).
- Additional one-off Social Care grant funding of £4.267m was announced in the Chancellors Autumn Statement 2018, to be made available in 2019/20. This has, in effect, been applied to the rebasing of the Children's Services budget that was undertaken in September 2018.
- The proposal to save £0.454m in 2019/20 through Council staff taking compulsory unpaid leave, has been rejected through a Union ballot meaning the saving will now not be delivered.

4.7. The above changes are summarised in Table 2 below bringing the 2019/20 budget gap down from £23m to £15m.

**Table 2 – Summary of actions already taken to manage the 2019/20 gap**

2019/20 Budget Gap	Shortfall £m	Increase £m	Decrease £m
Gap as at Nov 2018	22.739		
Impact of revised MRP Policy	19.025		3.714

Reduce Contingency - Ongoing	18.925		0.100
ASC/CSC Grant	14.658		4.267
Unpaid Leave Pressure	15.112	0.454	
<b>2019/20 Budget Shortfall as at Cabinet Strategy paper in Dec 2018</b>	<b>15.112</b>		

4.8. **Pressures and Savings built into the MTFP**

The December 2018 Cabinet MTFP Strategy paper also considered the high-level service pressures and other movements, including savings previously agreed by Cabinet, and in January 2019 more detail has been shared with the respective Scrutiny Committees; their comments will be shared with the Cabinet and full Council to consider.

4.9. Tables 3 and 4 below set out the total service pressures by type and by service respectively for consideration by members and full details were included in the Scrutiny papers.

**Table 3 – Services Pressures by type**

Type of Pressure	2019/20 £m	2020/21 £m	2021/22 £m
Demand	22.516	2.470	1.179
Demography	1.549	1.607	1.459
Inflation (Contract)	3.426	3.462	3.737
Inflation (General)	2.568	0.607	0.821
Legislation Change	1.562	-	0.100
Pay	3.586	0.950	1.000
Previously Unfunded	1.077	-	-
Prior Year Savings Unachievable / alternative funding identified	14.821	3.333	-
<b>Total</b>	<b>51.105</b>	<b>12.428</b>	<b>8.297</b>

Since the December Strategy paper there have been some changes to the pressures which are as follows:

- Pay pressure: As the Council has not received any details beyond 2019/20 the Council has included a pay award of £1m for these last two years.
- There have also been some other minor adjustments in 2019/20 which decrease the pressure by £0.252m.

4.10. **Members Allowances 2019/20**

The Joint Independent Remuneration Panel recommend that the current Scheme of Members' Allowances should continue unchanged for 2019/20. This follows consultation with Group Leaders where no issues were raised for consideration by the Panel. The recommendation also recognises that the Basic Allowance and Special Responsibility Allowances will increase automatically in line with any officer pay award under the indexing mechanism recommended previously by the Panel and agreed by the Council. The proposed annual budget for 2019/20 reflects this recommendation.

The table below by Service illustrates that the main pressure area is within Children's

Services, which has led to the previous Cabinet decisions to rebase the Children's budget that is now reflected in the MTFP (2019-22).

#### 4.11. Table 4 – Pressures by Service

Service Area	2019/20 £m	2020/21 £m	2021/22 £m
Adults Services	8.040	2.191	1.626
Public Health	0.126	-	-
Children's Services	28.407	2.683	1.440
Economic & Community Infrastructure	4.084	3.979	2.231
Corporate & Support Services	6.376	0.841	0.012
Non-Service	3.321	2.483	2.988
Earmarked Reserves	0.750	0.250	-
<b>Total</b>	<b>51.105</b>	<b>12.428</b>	<b>8.297</b>

#### 4.12. Savings and other adjustments in the MTFP

A summary of savings and other adjustments that have previously been shared in the Cabinet Strategy paper, and subsequently with the Scrutiny Committees in January 2019, are set out below in Table 5 by service for the three-year MTFP period. This includes; prior year savings agreed in previous MTFP rounds, in-year savings agreed by Cabinet in September 2018 and, technical adjustments.

#### 4.13. Table 5 – Savings and other adjustments by Service

Service Area	2019/20 £m	2020/21 £m	2021/22 £m
Adults Services	-16.628	-1.153	
Public Health	-0.400		
Children's Services	-9.419	-2.631	
Economic & Community Infrastructure	-3.231	-3.213	-0.200
Corporate & Support Services	-2.731	-0.835	
Non-Service	-2.582	1.243	0.667
Earmarked Reserves	1.829	-0.958	-0.448
General Reserves	-1.913		
Insurance Fund	0.361	-0.103	
Capital Receipts	2.134	0.468	
<b>Total</b>	<b>-32.580</b>	<b>-7.182</b>	<b>0.019</b>

4.14. Since the Strategy Paper in December, there have been two adjustments made to the budgets in 2020/21 and 2021/22:

- For 2019/20 and 2020/21 - a review of the Councils Pension Fund Deficit charge that is allocated across services which has changed the proportion allocated to school's budget (i.e. funded from their Dedicated Schools Grant) by an additional £1.000m on-going from 2020/21, and;
- For 2021/22 – a reduction in the Contingency budget of £0.425m.

#### 4.15. ***New Change proposals to balance the Budget 2019/20***

As requested in the December Cabinet meeting, further details of proposed service changes that produce a balanced budget for 2019/20 are now included for consideration and approval by members, in conjunction with the equality impact assessment (detailed in [Appendix C](#)). Although increasingly challenging for services to deliver further service reductions year on year, focused effort over the autumn has enabled services to identify changes that prioritise services for those in most need within the County and manage expenditure within the resources available.

- 4.16. Savings proposals totalling £8.512m are detailed in the table at [Appendix D](#) and are categorised by those that require a saving decision to take effect from 1 April 2019, and those that require a decision to consult. Of these proposals, £6.955m are on-going and an additional £0.370m has been identified for 2020/21.
- 4.17. The detailed proforma's for Proposals for Change and Impact Assessments can be found at [Appendix E1-E5](#) and [Appendix C](#).
- 4.18. Within the ECI proposals, a £0.225m savings target relates to Waste Services. There are no detailed proposals for change submitted as part of [Appendix E5](#) as Cabinet are asked to endorse the savings target to the Somerset Waste Board to ask them to make savings to this value as part of setting its 2019/20 budget.
- 4.19. In addition, and for information, there are a number of 2019/20 savings proposals and financial adjustments which total £6.899m, where decisions have already been taken. These decisions have followed due process to meet governance requirements and have been assumed in the overall 2019/20 budget position.
- 4.20. Therefore, in balancing the £15.112m funding shortfall for 2019/20, a total of £15.411m of savings have been identified, of which £8.512m require full Council decisions in February 2019 as the remainder have been subject to decisions through the Cabinet in recent months.

#### 4.21. ***Monitoring the Delivery of Proposals for Change***

During 2018/19 more rigorous monitoring of the proposals for change, agreed in February and September 2018 and in prior years, has been undertaken through the Business Change Team. This comprises of Change Team members working alongside those responsible for the proposals to monitor, encourage and assist progress towards delivery. Any deviation from the plan that will secure successful delivery of the savings is flagged early so that remedial action can be taken. In this way any likelihood of non-delivery is brought to light early, remedial action is then undertaken and the potential for an overspend is reduced significantly.

Current monitoring shows that the Council is on track to deliver (or replace where necessary) over 95% of the MTFP proposals for change that have been agreed for 2019/20. Therefore, confidence can be taken from the delivery progress and from the monitoring mechanism.

#### 4.22. ***Proposed actions to reduce the 2020/21 budget gap***

Whilst the solutions set out above for 2019/20 impact to a degree on the gap in 2020/21 onwards, there are other actions proposed that reduce this to £5.221m, as set out below and summarised in Table 6 below that:



- Of the further savings proposals for 2019/20 of £15.411m, a total of £3.157m are one-off savings in 2019/20, which therefore further increase the 2020/21 gap to £16.577m;
- Some of the 2019/20 savings have a greater impact in 2020/21 due to full year effect of proposed changes, to the value of £0.893m;
- To reduce the corporate contingency from £7.226m estimated as at 31 March 2020 by £2.664m in view of the increased financial resilience of the Council;
- Benefit of £3.070m due to earlier than originally planned replenishment of negative earmarked reserves;
- Benefit of £2.000m through removal of a previously planned contribution to the General Fund as it is now intended to ensure that the General Fund is replenished to its target amount by the end of 2019/20, per the reserves table elsewhere in this report;
- Forecast benefit of further £1.260m service savings because of outline change plans expected to impact in 2020/21. These will need further refinement during 2019/20 to ensure that they are deliverable and can then be presented for member consideration;
- Up-dated information from districts increases the Council Tax base in 2019/20 and 2020/21 to the value of £1.305m, and;
- Increased New Homes Bonus (NHB) grant allocation of £0.155m following the provisional Settlement in which the Government allocated additional funds to maintain the grant threshold at 0.4% housing growth.

#### 4.23. **Table 6: Updated Budget Shortfall 2020/21**

<b>Movement</b>	<b>Shortfall £m</b>	<b>Increase £m</b>	<b>Decrease £m</b>
<b>Gap as at December 2018 Strategy Report</b>	<b>13.420</b>		
Add back one-off savings	16.577	3.157	
Less Additional ongoing savings	15.684		0.893
Reduce contingency	13.020		2.664
Replenishment of earmarked reserves	9.950		3.070
Remove contribution to general fund	7.950		2.000
Full year effect of pipeline savings	6.690		1.260
Council Tax Base Increases	5.385		1.305
Increased New Homes Bonus allocation	5.221		0.164
<b>2020/21 Budget Shortfall</b>	<b>5.221</b>		

- 4.24. On the basis that the 2019/20 budget balances, following delivery of the developed proposals for change (to be agreed by Council), that the proposals set out in the table above are deliverable and that the remaining £5.221m gap for 2020/21 can be bridged, then a further, small contribution from the corporate contingency of £0.425m in 2021/22 would balance that year also.
- 4.25. However, there are, of course, many funding assumptions to be validated during 2019 that will impact these numbers. Hence, in view of the uncertainty regarding the wider funding of local government from 2020/21, it is not considered prudent to drive hard for further savings proposals to be developed at this time to reduce the £5.221m estimated shortfall from 2020/21.

#### 4.26. Funding and Spend Changes since December 2018

Since the Cabinet Strategy Paper was taken to Cabinet in December 2018, there have been a few changes in the funding available to the Council over the MTFP period. The changes have been:

- An update from the Somerset districts on the numbers of properties liable to pay council tax, increases the amount of council tax the Council can raise as follows: an additional £0.852m in 2019/20; £1.305m in 2020/21 and 2021/22), and;
- The 2019/20 provisional Local Government Settlement, announced in December 2018, has increased the funding available to the Council:
  - Increased local retention of business rate growth because of the Council has been successful in becoming a 75% Business Rates Retention (BRR) Pilot for 2019/20 of £1.2m– further details of this successful bid can be found in the Business Rates Pilot Bid section on page 27;
  - An increase of the Rural Services Delivery Grant from £1.928m to £2.403m;
  - An increase of £0.155m for NHB to £2.390m, allocated by the government to enable them to sustain grant allocations based on housing growth above 0.4%, and;
  - A revision to the level of funding the Council can estimate to gain from the current BRR pooling arrangements from £0.800m to £1.1m as a result of confirmation that the pooling gain will be additional to the 75% BRR pilot gains.

#### 4.27. Summary movements to funding and spending for MTFP (2019-22)

Table 7 below summarises all the movements described above since the December Cabinet Strategy paper and confirms a balanced budget for 2019/20 and a shortfall of £5.221m for the following two years subject to delivery of all proposed new change plans.

**Table 7: Funding and spend changes in MTFP since Cabinet Strategy Report**

Description	2019/20	2020/21	2021/22
	£m	£m	£m
<b>Opening budget b/fwd.</b>	<b>348.987</b>	<b>340.118</b>	<b>335.476</b>
Pressures:			
- Non-Service Items (inc Debt Charges)	3.297	-4.438	1.370
- Pay and Price Inflation		1.000	
- Other Changes	0.009	-3.696	-0.425
<b>Net Expenditure Requirement</b>	<b>352.293</b>	<b>332.984</b>	<b>336.421</b>
<b>Available Funding b/fwd.</b>	<b>333.874</b>	<b>326.698</b>	<b>335.476</b>
Provisional settlement related:			
- Increase in Business Rate Local Growth because of successful BRR Pilot Bid	1.200	0.000	0.000
Increased Business rates pooling gain	0.300	0.000	0.000

- Change in non-specific/general grants	0.655	0.000	0.000
<b>Council Tax base related</b>			
- Increase in Council Tax/Tax Base/Collection Fund	0.853	0.461	0.945
<b>Available Funding</b>	<b>336.882</b>	<b>327.159</b>	<b>336.421</b>
Savings Agreed	15.411	0.604	-5.221
<b>Shortfall to balance the budget</b>	<b>0.000</b>	<b>5.221</b>	<b>5.221</b>

#### 4.28. Indicative Service Budgets and financing proposals

The above converts into indicative budgets for each service with overall financing proposals as summarised in Table 8 and then detailed below.

**Table 8: Indicative Service Budgets and Financing requirements**

Service	2018/19 Budget £m	2019/20 Indicative Budget £m	2020/21 Indicative Budget £m	2021/22 Indicative Budget £m
Adults Services	141.149	125.964	125.083	126.709
Children Services	65.895	81.683	84.011	85.451
Economic and Community Infrastructure Services	66.547	64.902	65.823	67.853
Public Health	1.023	0.649	0.749	0.749
<b>Key Services</b>	<b>274.614</b>	<b>273.197</b>	<b>275.665</b>	<b>280.761</b>
Corporate and Support Services	20.577	21.216	21.456	21.468
Non-service items (inc Debt Charges)	34.697	35.436	36.498	41.589
<b>Support Services &amp; Corporate</b>	<b>55.274</b>	<b>56.652</b>	<b>57.955</b>	<b>63.058</b>
Un-ring-fenced Grants	(12.580)	(9.304)	(6.487)	(6.233)
General Reserves	3.913	2.000	0.000	(0.424)
Earmarked Reserves	(0.900)	4.976	(0.400)	0.522
Insurance Fund	0.164	0.525	0.422	0.422
Capitalisation Flexibility and Capital Fund	(2.602)	(0.468)	0.000	0.000
Pipeline Savings Required	0.000	0.000	(1.260)	(2.696)
Assumed the previous year gap is closed	0.000	0.000	0.000	(5.221)
<b>Net Budget Requirement</b>	<b>317.882</b>	<b>327.578</b>	<b>325.894</b>	<b>330.188</b>
<b>Financed By</b>				
Revenue Support Grant	(16.082)	0.000	0.000	0.000
Individual Authority Business Rates Baseline	(14.275)	(52.204)	(16.460)	(16.789)
Business Rates Top-up	(51.426)	(25.858)	(53.266)	(54.331)
Business Rates Collection (Surplus) / Deficit	0.322	0.000	0.000	0.000
Business Rates Collection Pool	(0.500)	(1.100)	0.000	0.000
Council Tax Collection (Surplus) / Deficit	(3.163)	(3.000)	0.000	0.000

Locally Collected Council Tax (Inc. est. Tax base increases)	(215.379)	(225.435)	(233.281)	(241.186)
Council Tax Adult Social Care	(14.871)	(17.438)	(17.666)	(17.882)
Council Tax Somerset Rivers Authority	(2.507)	(2.542)	0.000	0.000
<b>Budget (Surplus) / Deficit</b>	<b>0.000</b>	<b>(0.000)</b>	<b>5.221</b>	<b>(0.000)</b>

#### 4.29. Council Tax and Precept

There are three elements to the council tax precept raised: general council tax, adult social care specific precept and, uniquely to Somerset, funding raised for the Somerset Rivers Authority. The proposed Council Tax precepts for the Council are set in [Appendix H](#) and details explained below.

#### 4.30. Somerset Rivers Authority

The Somerset Rivers Authority (SRA) was launched on January 31, 2015 to play a key role in flood protection for the county. It is run by a Board of partners from the five District Councils, Somerset County Council, the Environment Agency, the Parrett and Axe Brue Internal Drainage Boards, the Wessex Regional Flood & Coastal Committee and Natural England.

- 4.31. Since 2016/17, Somerset County Council and the five district councils have had the power to raise a shadow precept of up to 1.25%, for funding the Somerset Rivers Authority. This precept equates to £12.84 per year for a Band D property and will raise £2.542m in 2019/20 (£2.575m in 2020/21; and £2.606m in 2021/22) based on current estimates of the Council's tax base.
- 4.32. It is the Government's intention for the SRA to become a precepting authority, but this requires an act of Parliament and there is currently no timeline for when this will come into effect. Until the SRA can raise their own precepts, the authority will continue to raise a separate precept on behalf of the SRA and provide them with a budget to match the level of precept received. As the SRA precept is passported to the SRA, the precept has no impact on the Council's budget.

#### 4.33. **General and Adult Social Care Council Tax**

The 2019/20 council tax base is 197,958.57 Band D equivalents and is set out across the districts and borough councils in Table 9 below. The table also shows the sums due under precepts from the respective authorities.

**Table 9: Tax Base and Precept 2019/20**

District/Borough Council	Tax Base number	Precept £
Mendip	40,496.05	50,204,168.07
Sedgemoor	40,573.67	50,300,395.91
South Somerset	60,266.07	74,713,654.96
Somerset West and Taunton Council	56,622.78	70,196,959.05
<b>Total</b>	<b>197,958.57</b>	<b>245,415,177.99</b>

4.34. The impact of a 2.99% increase in Council Tax for General Fund purposes and a further 1% for Adult Social Care considered in the budget proposals outlined in paragraph 5.1 imply a precept requirement of £245.415m and a Band D council tax of **£1,239.73**.

4.35. In 2018/19, the limit to how much Council Tax can be increased by each year changed from 1.99% to 2.99% (without the need for a referendum). It has also been possible (since 2016/17) for the Council to raise an additional precept to fund Adult Social Care pressures. As 2019/20 is the final year of the Government's 4-year Financial Settlement, it is currently unclear whether either of these flexibilities will be extended to 2020/21 and 2021/22. To ensure the Council set a prudent budget from 2020/21 onwards, the Council has assumed the Adult Social Care precept will cease and the cap on general council tax increases will reduce back down to 1.99%. Table 10 below confirms the percentage council tax increases assumed in the budget modelling over the MTFP period.

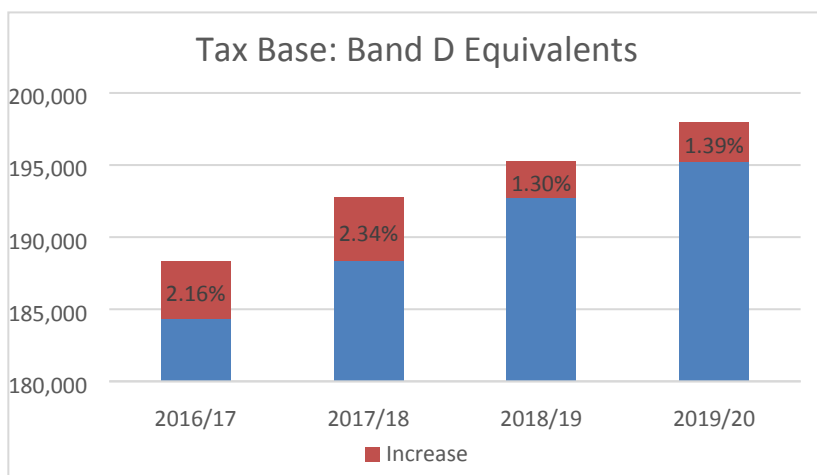
**Table 10 - % council tax increase assumed for 2019/22**

	2019/20	2020/21	2021/22
Adult Social Care	1.00%	0.00%	0.00%
General Council Tax	2.99%	1.99%	1.99%
<b>TOTAL</b>	<b>3.99%</b>	<b>1.99%</b>	<b>1.99%</b>

#### 4.36. **Somerset Local Tax Base 2019/20**

The MTFP for 2019/20 incorporates a 1.39% (£3.2m) increase per annum in the council tax base based on estimates from Somerset district and borough authorities. This is an increase at a similar level as in 2018/19 and reflects a slight reduction in the scale of increase over the last three years. Table 11 below shows how the forecast increase in tax base next year compares with previous years.

**Table 11: Change in the County Council's tax base**



4.37. The amount of council tax payable for dwellings listed in each valuation band, calculated in accordance with the proportion set out in Section 5 (1) of the Local Government Finance Act 1992, shall be as follows:

Valuation Band	Amount (£)
A	826.48
B	964.23
C	1,101.98
<b>D</b>	<b>1,239.73</b>
E	1,515.23
F	1,790.72
G	2,066.22
H	2,479.46

**4.38. Capital Receipts Flexibility (CRF)**

The Secretary of State issued the flexible use of capital receipts directive in 2016. This was for an initial 3-year period which has subsequently been extended to cover up to March 2022. The directive gives local authorities the freedom to use capital receipts from the sale of their own assets to help fund the revenue costs of transformation projects and release future revenue savings.

4.39. Somerset County Council has previously made use of this flexibility to reform services to become more efficient and sustainable: since 1 April 2016, the Council has received (or anticipates), a total of £21.227m capital receipts by the end of 2018/19, of which it expects to have used £16.005m to fund this strategy by 31 March 2019. [Appendix F](#) summarises the business cases for initiatives, which have applied capital receipts to fund revenue expenditure.

4.40. Looking forward to the MTFP period (2019-22) the Council proposes to fund a further £6.885m of projects to reform services. [Appendix G](#) summarises the initiatives to which capital receipts are planned to be applied to fund the revenue expenditure. These will be backed by robust business cases. These business cases will demonstrate that: the initiative will generate future savings or reduce future costs, and the costs being funded are implementation or set up costs and not on-going operational costs otherwise funding from this source will not be allocated. The council also proposes creating an invest to

save revenue reserve to capture proposals that might not meet the full statutory definition under the directive but still benefits the Council's transformation. Business cases will still be required to access funds from the invest to save sources.

#### 4.41. 75% Business Rates Retention (BRR) Pilot

To test increased business rates retention and to aid understanding of how the Government transition into a reformed business rates retention system in April 2020, local authorities were invited to apply to become 75% business rates retention pilots for 2019/20 only. This Council applied jointly with all the Somerset district authorities (Mendip, Sedgemoor, South Somerset, West Somerset and Taunton).

The provisional Local Government Settlement announced that the Somerset application was successful.

The pilot allows the Somerset area to retain 75% of locally collected business rates instead of the 50% retained under the current scheme. The exact level of benefit to the Council cannot be fully determined since the gain will depend upon actual business rate collection levels, although a prudent benefit based on best estimates indicates a gain of £1.200m in 2019/20 specifically for this Council. However, across the whole area, gains will be greater and Somerset authorities have agreed a share of the benefits as set out below:

**Table 12: 75% BRR Pilot – Somerset Pool gain**

	75% BRR Pilot Gain (£m)
Somerset County Council	1.2
Other pool members	2.1
County-wide pot	3.4*
<b>Total Gain</b>	<b>6.7</b>

*\*under the terms of the bid, the Council will receive an additional £3.4m in 2019/20 which will be held in an earmarked reserve to be used to fund local projects, determined in partnership and designed to generate economic growth in the Somerset area.*

- 4.42. The Council only benefits from the increase in local business rate growth, as the Government adjusts the Authority's core funding (referred to as the Settlement Funding Assessment) by rolling several grants into the business rates baseline (the level of business rates funding government believes the Council requires) to account for the increase in business rates being retained under the 75% scheme. As the adjustment to our Settlement Funding Assessment does not take account of any business rate growth during the year, 75% of the growth is retained within the pool.
- 4.43. The provisional Financial Settlement announced an increase to its Rural Services Delivery Grant allocation in 2019/20, which has provided the Council with an additional £0.500m. however, as this grant allocation has been rolled into the business rates baseline adjustment mentioned above, the Council will benefit from this additional allocation through an increase in retained business rates rather than through receipt of the grant directly. The Council's allocation of Revenue Support Grant (RSG) will also be rolled into the Government's adjustment, and there was no change to the 2019/20 allocation we had previously estimated.
- 4.44. Also included in the business rates retention scheme are other grants (referred to as S31 rates relief grants). These grants (payable under S31 of the Local Government Act 2003) are designed to reimburse local authorities for reduced business rates income because of the Government's decision to implement national business rate relief (such as small

business rate relief; and public house rate relief). The S31 grant also includes an amount in relation to our business rate top-up grant, to allow for inflationary pressures. As these grants are directly linked to the value of business rates retained, it is likely the Council will benefit from an additional allocation, given the fact more business rates are being retained locally. However, the actual level of S31 grant won't be confirmed for some time, so Council has made no further adjustments to the budget assumptions.

- 4.45. Under the terms of the pilot bid, the member authorities were required to form a business rates pool, like the pooling arrangements entered in previous years. The principle behind the pooling arrangement will remain the same as before and is that authorities within the pool receive a benefit from reduced tariff payments (made to government as part of the business rates retention scheme). This benefit is estimated by the pools lead authority (Mendip DC) and was previously estimated at £0.800m for this Council. Early indications suggest the actual gain to the Council in 2019/20 is likely to be closer to £1.100m, so the budget assumptions have been updated to include the additional £0.300m.
- 4.46. As the gains identified above (totalling £2m) are only one-off in 2019/20, the Council intends to use the additional funding to create an Invest to Save reserve. This reserve (totalling £2.852m when we include £0.852m from an increase in our council tax income from revised tax base estimates) will be used to fund internal projects designed to improve the Council's efficiency and drive down future revenue costs. The table below shows how the additional business rates gain and reserve contribution impacts on the overall 2019/20 budget gap.

4.47. **Table 13: Impact of the successful pilot bid and proposed invest to save reserve**

2019/20 Budget Gap	£m	Increase £m	Decrease £m	Comment
<b>2019/20 Budget Shortfall as at 19th Dec</b>	<b>15.112</b>	-	-	
Settlement BRR Pool gain	14.812	0.000	0.300	As per settlement Dec 18
Settlement BRR Pilot gain	13.612	0.000	1.200	As per settlement Dec 18
Settlement RSDG increase	13.112	0.000	0.500	As per settlement Dec 18
Council Tax base increases	12.260	0.000	0.852	As per DC and BC updates
Invest to Save Fund (reserve)	15.112	2.852	0.000	Improving resilience
<b>2019/20 Balanced Budget</b>	<b>15.112</b>	<b>2.852</b>	<b>2.852</b>	

4.48. **Special and Service Specific Grants**

As a local authority, a proportion of our funding is received from Central Government as a grant. There are generally two types of grant, Special and Service Specific, with the distinction based on the rules surrounding the way in which the Council can spend the grant.

4.49. Service Specific Grants

Service specific grants are grants that are distributed outside of the local government settlement and come with strict rules on what the Council can and cannot spend the funding on. An example of a service specific grant would be the Public Health grant, where the grant can only be used by the authority in fulfilling its responsibilities as a public health authority.



#### 4.50. Special Grants

Unlike service specific grants, a special grant (also referred to as non-specific) can be spent on our core activities (such as salaries and other day-to-day running costs), as there are no specific rules on how the Council can spend the funding. An example of a special grant would be the Revenue Support Grant (RSG).

4.51. Most government grants awarded to the Council have now been announced for 2019/20 and all known allocations are set out in [Appendix I](#). The value of confirmed grants, with some assumption in value, in 2019/20 amounts to £323.267m and there is £9.347m of estimated grant. Futures years are included in the [appendix](#).

4.52. The overall change (from what the Council has previously estimated) for non-specific grants, are included within the [appendix](#):

- Increased New Homes Bonus funding of £0.158m (to £2.390m) for 2019/20;
- The removal of Revenue Support Grant (previously estimated to be £6.076m) as this now forms part of the revenue stream from our successful Business Rates pilot bid;
- The removal of Rural Services Delivery Grant (previously estimated to be £1.928m but increased to £2.403m in the Provisional Settlement), as this grant has also been rolled -up in the successful Business Rates pilot bid for 2019/20.

4.53. The Council is still awaiting confirmation for a number of small non-service specific grants that have been included in the budget estimates for 2019/20. The estimated 2019/20 allocation for these grants is £0.821m, and at the time of writing there is no indication these allocations will not be confirmed. If the actual allocations for these grants is lower than the £0.821m assumed, the Council will consider reducing its Contingency budget to cover the difference and avoid the need for any last-minute service cuts.

## 5. Revenue Budget Proposals for 2019-22

5.1. After consideration of the Financial Settlement announcement, the budget assumptions for price inflation, business rates and council tax and the savings proposals, net revenue expenditure of £327.578m is proposed for 2019/20, an increase of £10.696m (3.4%) compared to 2018/19, as shown in the table below.

**Table 14: Summary of Change in Budget**

Service	2018/19 Budget £m	Savings & Other Adjustments £m	Pressures & Unachievable Savings £m	2019/20 Indicative Budget £m
Adults Services	141.149	(23.225)	8.040	125.964
Children Services	65.895	(12.620)	28.407	81.683
Economic and Community Infrastructure Services	66.547	(5.729)	4.085	64.902
Public Health	1.023	(0.500)	0.126	0.649
<b>Key Services</b>	<b>274.614</b>			<b>273.197</b>
Corporate and Support Services	20.577	(5.737)	6.376	21.216
Non-service items (inc Debt Charges)	34.697	(2.582)	3.321	35.436

<b>Support Services &amp; Corporate</b>	<b>55.274</b>			<b>56.652</b>
Un-ring-Fenced Grants	(12.580)	3.276	0.000	(9.304)
General Reserves	3.913	(1.913)	0.000	2.000
Earmarked Reserves	(0.900)	1.829	0.750	4.98
Insurance Fund	0.164	0.361	0.000	0.525
Capitalisation Flexibility and Capital Fund	(2.602)	2.134	0.000	(0.468)
<b>Net Budget Requirement</b>	<b>317.882</b>			<b>327.578</b>
<b>Financed By</b>				
Revenue Support Grant Individual Authority	(16.082)	10.007	0.000	0
Business Rates Baseline	(14.275)	(38.229)	0.000	(52.504)
Business Rates Top-up	(51.426)	25.568	0.000	(25.858)
Business Rates Collection (Surplus) / Deficit	0.322	(0.322)	0.000	0.000
Business Rates Collection Pool	(0.500)	(0.300)	0.000	(0.800)
Council Tax Collection (Surplus) / Deficit	(3.163)	0.163	0.000	(3.000)
Locally Collected Council Tax (Inc. est. Tax base increases)	(215.379)	(10.057)	0.000	(225.435)
Council Tax Adult Social Care	(14.871)	(2.567)	0.000	(17.438)
Council Tax Somerset Rivers Authority	(2.507)	(0.035)	0.000	(2.542)
<b>Budget (Surplus) / Deficit &amp; Totals</b>	<b>0</b>			<b>0</b>

- 5.2. The net revenue budget in the table above represents the expenditure incurred by service net of any income received from external sources. The table below shows the gross budget by service, which gives a better indication of the total expenditure incurred by each service.

**Table 15: Gross budget by service**

	2019/20	2020/21	2021/22
<b>Gross Budget by Service</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adults Services	216.513	216.312	218.618
Public Health	20.824	20.924	20.924
Children Services	357.486	357.142	353.214
Economic and Community Infrastructure Services	99.522	100.841	103.513
Corporate and Support Services	30.816	31.056	31.068
Non-Service	44.509	38.300	36.232
Trading	6.971	6.971	6.971
Budget Gap - savings still to be identified	0.000	-5.221	0.000
<b>TOTAL</b>	<b>776.640</b>	<b>765.325</b>	<b>770.540</b>

5.3. The table below shows the proposed budget for 2019/20, compared to that for 2018/19, and the indicative budgets for 2020/21 and 2021/22, including funding sources.

**Table 16: Indicative Budgets 2019/20 to 2021/22**

Service	2018/19 Budget £m	2019/20 Indicative Budget £m	2020/21 Indicative Budget £m	2021/22 Indicative Budget £m
Adults Services	141.149	125.964	125.083	126.709
Children Services	65.895	81.683	84.011	85.451
Economic and Community Infrastructure Services	66.547	64.902	65.823	67.853
Public Health	1.023	0.649	0.749	0.749
<b>Key Services</b>	<b>274.614</b>	<b>273.197</b>	<b>275.665</b>	<b>280.761</b>
Corporate and Support Services	20.577	21.216	21.456	21.468
Non-service items (inc Debt Charges)	34.697	35.436	36.498	41.589
<b>Support Services &amp; Corporate</b>	<b>55.274</b>	<b>56.652</b>	<b>57.955</b>	<b>63.058</b>
Un-ring-fenced Grants	(12.580)	(9.304)	(6.487)	(6.233)
General Reserves	3.913	2.000	0.000	(0.424)
Earmarked Reserves	(0.900)	4.976	(0.400)	0.522
Insurance Fund	0.164	0.525	0.422	0.422
Capitalisation Flexibility and Capital Fund	(2.602)	(0.468)	0.000	0.000
Pipeline Savings Required	0.000	0.000	(1.260)	(2.696)
Assumed the previous year gap is closed	0.000	0.000	0.000	(5.221)
<b>Net Budget Requirement</b>	<b>317.882</b>	<b>327.578</b>	<b>325.894</b>	<b>330.188</b>
<b>Financed By</b>				
Revenue Support Grant	(16.082)	0.000	0.000	0.000
Individual Authority Business Rates Baseline	(14.275)	(52.504)	(16.460)	(16.789)
Business Rates Top-up	(51.426)	(25.858)	(53.266)	(54.331)
Business Rates Collection (Surplus) / Deficit	0.322	0.000	0.000	0.000
Business Rates Collection Pool	(0.500)	(0.800)	0.000	0.000
Council Tax Collection (Surplus) / Deficit	(3.163)	(3.000)	0.000	0.000
Locally Collected Council Tax (inc. est. Tax base increases)	(215.379)	(225.435)	(233.281)	(241.186)
Council Tax Adult Social Care	(14.871)	(17.438)	(17.666)	(17.882)
Council Tax Somerset Rivers Authority	(2.507)	(2.542)	0.000	0.000
<b>Budget (Surplus) / Deficit</b>	<b>0.000</b>	<b>(0.000)</b>	<b>5.221</b>	<b>(0.000)</b>

## 6. Robustness of Estimates, Adequacy of Reserves and the Management of Risk

## 6.1. Reserves and Balances

Section 25 of the Local Government Act 2003 requires S151 Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their budget and level of council tax. Authorities are required to consider their S151 Officers' reports when setting the level of council tax. As Director of Finance (holding the role of S151 Officer for the County Council) I have provided the following assurance.

- 6.2. Over recent years, and during 2018/19 in particular, the Council has found itself struggling to contain expenditure within budget. The consequence of this has been the use of reserves to support revenue expenditure, significantly overspending budgets, the need for a substantial contingency and, in 2018/19, mid-year intervention to identify further proposals for change in order to bring the budget back under control. A further consequence of this uncertainty is an apprehension in the Council about the accuracy of the budget and financial control and the unwanted, adverse external scrutiny of the Council.
- 6.3. In September 2018 the Cabinet approved a number of proposals for change to deliver reduced spending within the financial year and for future years. This, combined with a more rigorous savings tracking regime, improved budget monitoring and some one-off funding, has produced a reducing projected budget overspend, to the point where it is now predicted that the Council will underspend at the 2018/19 financial year end.
- 6.4. Since September 2018 the Council has been developing the Medium Term Financial Plan for 2019 – 2022; three financial years, with a clear focus on producing a balanced budget for the financial year 2019/20. Part of the challenge of managing prior year budgets was that they contained savings proposals that were ill-defined and they did not contain all of the pressures that the Council services might be expected to encounter. This approach was changed for this MTFP with a clear direction to reverse out unrealistic savings proposals, to identify all pressures and to provide the best assumptions about the future funding that could be produced. I am satisfied that the most appropriate information and assumptions have been made in developing the 2019/20 budget and MTFP and that there are no known pressures that are being left unmanaged.
- 6.5. In order to address the funding gap for 2019/20 future proposals for change have been developed and are presented for consideration for the Council with this report. I am satisfied that those proposals have been created and assessed with due rigour to ensure that they are deliverable and will have the desired impact on reducing spending within 2019/20 (and beyond where they continue). Furthermore, each proposal has been assessed for confidence in delivery, with the confidence ratings then informing the contingency provision that may be required to offset any non-delivery. It is reassuring that the confidence assessment is more positive than it was for the September 2018 proposals, perhaps indicating a level of increased maturity in producing them.
- 6.6. The contingency provision is referred to in the paragraphs below and I am satisfied that the proposed sum of £7.226m for next year is adequate to deal with both unachieved savings and other events for which the contingency may be called upon.
- 6.7. As at September 2018, the General Fund reserve was assessed as being £7.790m as at 31 March 2018, after taking account of negative reserves and those which the Council holds on behalf of others. The Council is proposing to take advantage of some one-off funding during 2018/19 and the likely underspend to either directly contribute to

the General Fund or to reduce some negative reserves, which will have the impact of increasing the General Fund balance as at 31 March 2019 to £12.704m. There are further planned contributions in 2019/20, as shown in [Appendix K](#), which will produce a balance of £17.693m as at 31 March 2020. This is in line with the Policy set out in [Appendix J](#) and will provide some interim support for 2020/21 if the SR2019 and Fair Funding Review produce an unexpectedly adverse outcome for Somerset County Council. Bolstering the General Fund in this manner will also offer the opportunity to reduce ongoing revenue budgets (contribution to reserves and contingency) in future years as there will be an adequate safety net through the balance sheet.

- 6.8. In regard of 2019/20 it is therefore possible to assess the developed budget and proposals as robust and the reserves and contingency as adequate. The latter offers appropriate risk mitigation in the event that savings proposals are not delivered, or unexpected events occur. This should not, of course, imply that managing the Council's finances in 2019/20 will be easy; the same robust control and monitoring will be required as has been applied in the latter part of 2018/19. With a change in leadership of the Finance Service during 2019/20, close attention will need to be given to the capacity and development of the team to ensure that it can support the Council through the challenges ahead.
- 6.9. In July 2018, Grant Thornton, our external auditors, reminded us that they were required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).
- 6.10. The Auditors' test that "management have a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements". Grant Thornton's conclusion was that they were "satisfied that the Going Concern basis is appropriate for the 2017/18 financial statements". This test will be no less important when the 2018/19 accounts are being prepared and audited. Indeed, given the pressures on local government in general and on Somerset County Council in particular, it is arguable that assurances about the going concern status of the Council will be more important, hence the need to consider the MTFP for the period beyond 2019/20.
- 6.11. The MTFP set out in this report clearly shows a balanced budget for 2019/20 but does not yet show a balanced position for 2020/21 and beyond. This is mainly because the Council, like other local authorities, does not have good quality information about the funding arrangements for 2020/21 and beyond. Therefore, the Council is recommended to adopt an MTFP that recognises the pressures on the Council and anticipates a "no change" funding settlement. In that case, the Council has proposals that reduce any projected gap to a manageable level in 2020/21 and 2021/22, especially bearing in mind the likely level of General Fund reserves.
- 6.12. However, in considering the future, the Council must adopt a longer-term approach for delivering services that enable it to manage the demand pressures and funding shortfalls in more strategic manner, thereby avoiding the production of year to year proposals for change. The Council is just about to start a whole-organisation change project that is seeking to address the pressures upon its services and how it more effectively uses its resources to improve the lives of its residents. It is essential that this project is driven at pace throughout 2019/20 in order to deliver real, transformational change in time for the new financial year in 2020/21.

- 6.13. The Auditor is also required to give a Value for Money (VFM) assessment each year, the verdict for 2017/18 was an adverse opinion. The summary of the opinion was that their "...work on Strategic Financial Planning has concluded that the Council does not have proper arrangements in place to ensure sustainable resource deployment. We therefore anticipate issuing a qualified 'adverse' value for money conclusion, concluding that the Council does not have proper arrangements to secure economy, efficiency and effectiveness in its use of resources". Since that opinion was issued, considerable work has been undertaken by the Finance Team and the wider organisation to address the concerns about financial planning, financial control and budget monitoring amongst other things. The preparation of a robust MTFP and the presentation of the proposals in this report are key management responses to the recommendations put forward by Grant Thornton.
- 6.14. In assessing the robustness of this budget, I have drawn on the advice of service chief officers that the service priorities for 2019/20 can be delivered within the available resource envelope for each service. These colleagues include, but are not limited to, the statutory chief officer roles of Director of Adult Services, Director of Children's Services, the Director for Public Health plus the Director for Economic and Community Infrastructure, the Director for Customers and Communities – Corporate Affairs and the Director for HR and OD.

**Peter Lewis**  
**FCPFA**  
**Section 151 Officer**

6.15. **General Fund**

The Council holds a General Fund to provide a cushion against any unexpected short-term budgetary pressures or a major unexpected event (see Reserves and Balances Policy Statement - [Appendix K](#) for further details). The level of the balance is not prescribed, and the Council aims to keep a reasonable balance that is justifiable in the context of local circumstances and risks facing the Council, while not tying up council taxpayers' money unnecessarily. The balance at 1 April 2019 is forecasted to be £12.704m.

- 6.16. To achieve this sensible balance, since 2018/19, the Council has budgeted for an annual contribution of £2.000m each year to ensure the general fund remains at a level the S151 Officer (Interim Director of Finance) deems prudent for this Council.
- 6.17. During 2018/19, the Council has rebased the service budgets most under pressure to ensure they are robust. This work, in conjunction with the additional revenue savings approved by Cabinet in September 2018 have helped improve the Council's financial position. To continue this improvement, the MTFP keeps the plan to contribute £2.000m in 2019/20 and plans further repayment of negative reserves (see paragraph 6.7 for further details). Both will further strengthen the General Fund position.
- 6.18. As a consequence of this improved position from 2019/20, the MTFP removes the annual £2.000m contribution from 2020/21. This reduces the pressure on revenue budgets but will be kept under review to mitigate against any unforeseen pressure on the General Fund during the MTFP period.
- 6.19. Over the current MTFP period, the balance of the Council's General Fund is forecast to be:

- £12.704m – as at 1 April 2019
- £17.693m – as at 1 April 2020
- £17.693m – as at 1 April 2021
- £18.615m – as at 31 March 2022

See [Appendix L](#) for details of the movement over the MTFP period.

#### 6.20. **Earmarked Reserves**

Earmarked reserves are funds set aside for specific purposes and to mitigate against potential future known or predicted liabilities. They are agreed by the Cabinet. The forecast total balance for all earmarked reserves brought forward at 1 April 2019 is £13.535m, an increase (of £10.714m) from the £2.821m brought forward on 1 April 2018.

- 6.21. Included within these balances are reserves set-aside to cover future costs for specific legislative responsibilities (such as Public Health and Somerset Rivers Authority), as such the Council are unable to change the purpose of these funds. After allowing for the values on these reserves, the remaining reserves, which the council can utilise, have a negative balance of -£6.086m at 1 April 2019 an improvement of £10.430m, from the -£16.516m brought forward at 1 April 2018.
- 6.22. These negative reserves have arisen from the Council policy in previous years of holding reserves in a negative position, to spread the revenue costs of projects that were expected to be higher in the early years then gradually reduce over time (referred to as budget smoothing). This policy required some form of repayment plan put in place to 'repay' the reserve in future years.
- 6.23. To ensure the authorities on-going financial resilience these negative reserves have been reviewed and a repayment plan put-forward to repay several of the reserves during the MTFP (2019-22). Within these budget assumptions, the Council plans to repay:
- £2.079m in 2019/20, to clear the outstanding Buildings Maintenance Indemnity Scheme (BMIS) and has now closed; and
  - £0.910m in 2019/20, to clear the outstanding Learning Disabilities Equalisation reserve.
- 6.24. The Councils' negative Dedicated Schools Grant (High Needs Block) reserve has arisen due to the significant pressure on the authorities High Needs budget (for children and young people with special educational needs and disabilities (SEND) from their early years to 25) over the last few years. The Council is continuing to progress the High Needs Block deficit recovery plan, with the main areas of focus being:
- Places, Capital Build and Independent Provision;
  - Pupil Referral Units, Alternative Provision and Outreach Support;
  - Improvements to the SEND team and annual review process, and;
  - Review of SEND Support Services.
- 6.25. For another of the Council's remaining negative reserves, business plans are currently being drawn-up to enable the trading activity at Dillington House to make a surplus and then repay the deficit on its trading activities' (projected to stand at £1.373m by 31 March 2019 within a short timeframe.

- 6.26. As part of the Council's drive to ensure greater financial stability and service transformation, the Authority plans to increase the capacity of its Invest to Save reserve to provide additional revenue support for future projects designed to generate long-term efficiencies and reduce future revenue costs. This reserve will be boosted through a one-off contribution of £2.852m in 2019/20, possible because of the additional funding from council tax base improvements and the provisional financial Settlement: council tax base increase (£0.852m); increased Rural Services Delivery Grant (£0.500m) and the one-off gain (£1.5m) from the Councils successful 75% Business Rates Retention bid in 2019/20. Any drawdowns from this reserve will need to be supported by robust business cases to provide evidence of the potential efficiencies, as any successful bid will be required to repay the amount being awarded. This will ensure the reserve is available to the Council for the long-term and will avoid the need for any future top-ups.
- 6.27. Details of all the Councils earmarked reserves (including planned use over the period of the MTFP (2019-22) is attached in [Appendix J](#) of this report.
- 6.28. **Corporate Contingency**
- A contingency budget is a base budget provision that the Council puts aside for one-off, unexpected costs within the year. It is common for unexpected costs to occur, for example due to exceptional weather events, so a contingency budget enables prompt mitigating action to be taken without disrupting the remainder of the annual budget for services. Use of the contingency budget is approved by the S151 Officer and is subsequently reported to members.
- 6.29. The Section 151 Officer believes it is prudent to set the following contingency budget over the current MTFP period:
- 2019/20 £7.226m
  - 2020/21 £4.562m
  - 2021/22 £4.138m
- 6.30. The rebasing of the Authority's most under pressure budgets, through the use of savings approved by Cabinet in September and additional one-off funding allocations, has enabled the Authority to better understand its cost base, reduce the impact of unexpected costs on its revenue budgets and to replenish some reserves. Therefore, it is possible to reduce the amount of contingency the Authority needs to hold moving forward as the Council's budget will be on a more secure footing, savings delivery is more effective and budgetary control is improved. The contingency has been reduced over the MTFP period to £4.138m in 2021/22.
- 6.31. The policy of putting aside a reduced contingency will be reviewed throughout the period and additional allocations will be considered in future years if the Council's budget comes under pressure and/or budgetary control is at risk.



## 7. Future Financial Risks

- 7.1. There is a considerable amount of change in the external environment facing the council over the MTFP period. This offers some opportunities, but also potential financial risk and volatility over the medium term. These include:
- The fact that the way the UK leaves the EU may impact on the economic performance and state of the nation's public finances.
  - The review of local government funding proposed under the Fair Funding Review and the move to 75% local Business Rate Retention from 2020/21. Currently the Government are consulting on the proposed changes, although at this stage these are high level principles and it is not expected that authorities will be clear of the definite future arrangements nor see exemplifications of the likely financial impact until late summer / autumn 2019 – which will leave relatively little time to develop plans for budgets for 2020/21 onwards.
  - The absence of a Spending Review beyond 2019/20 leaves all authorities uncertain about the overall framework of future funding allocations as between the different government departments and priorities. The recent publication of the NHS 10-year plan, announcing additional funding increase the likely strain that other public sector services, including local government may have to bear.
  - Although service budgets have been re-based going into 2019/20 to ensure as robust budgets as is possible, there remains volatility in demands for care services in particular, both in terms of volumes and complexity. The position anticipated now could therefore change significantly.
  - Any legislative changes not yet known about could impact on the Council's responsibilities and therefore spend pressures.

Throughout the next financial year, the Council will continue to keep the MTFP under review and report back to members with up-dated plans if necessary.

## 8. Background Papers and Appendices

- 8.1. Medium Term Financial Plan Strategy report to Cabinet – December 2018
- 8.2. Month 9 Revenue Budget Monitoring Report to Cabinet – January 2019  
Revenue Budget Report 2019-22 to Scrutiny Adults – 30 January 2019  
Revenue Budget Report 2019-22 to Scrutiny Children's – 25 January 2019  
Revenue Budget Report 2019-22 to Scrutiny Place – 23 January 2019

### Appendices:

[A: Prior Year Savings Unachievable](#)

[B: Minimum Revenue Provision Policy Statement](#)

[C: Summary of Equality Impacts MTFP 2019/20](#)

[D: Proposals for Change 2019/20](#)

[E1: Summary of Savings Proposals for Cabinet](#)

[E2: Adults & Health Services Proposals for Change](#)

[E3: Children's Services Proposals for Change](#)

[E4a: Corporate Services Proposals for Change Consultations](#)

[E4b: Corporate Services Proposals for Change Decisions](#)

[E5: ECI Services Proposals for Change](#)

[F: Capital Receipts Flexibility up to 2018/19](#)

[G: Capital Receipts Flexibility for 2019/20 onwards](#)

[H: Council Tax Precepts](#)

[I: Government Grants 2019-22](#)

[J: Earmarked Reserves details](#)

[K: Reserves and Balances Policy Statement](#)

[L: General Fund movements 2019-22](#)

## Prior Year Savings Unachievable

Ref	Year of Savings Decision	Service / Area	Proposal Title	Proposals Description	Proposal Category	Reason why saving is unachievable	2019/20	2020/21
DS01a	2018/19	Corporate & Support Services	Democratic Services Demand Management	Democratic Services Demand Management	Demand Management	Saving already in projections (double count)	22,392	0
R17 - 022	2017/18	Corporate & Support Services	Commercial and Third Party Spend	Income Generation:	Income Generation	Unable to expand provision of collaborative contract to other local authorities	40,000	0
R17 - 022	2017/18	Corporate & Support Services	Commercial and Third Party Spend	Income Generation:	Income Generation	Collaborative contract with other local authorities will be ending	40,000	0
R17 - 006	2017/18	Corporate & Support Services	SWOne Transition (Technology & People)	Assumed savings from return of SWOne Services	Income Generation	Increased recovery of income for overheads (via SSE) is not achievable	199,900	0
?	2017/18	Corporate & Support Services	PWC Full Cost Recovery Saving	PWC Full Cost Recovery Saving	Income Generation	Target not achievable or saving badged against other Service specific savings	57,000	0
R18 - 021	2018/19	Corporate & Support Services	Productivity & Culture	HR & OD staff benefit scheme continued income shortfall	Income Generation	Shortfall of Income	68,000	0
R16 - 025E	2016/17	Corporate & Support Services	Customers & Community	Customers & Communities Undeliverable income target web development	Income Generation	Customers & Communities Undeliverable income target web development	30,000	0
R17 - 009	2017/18	Economic & Community Infrastructure	Service Redesign	Reviewing library services	Other	Proposals to review the service now deferred	260,000	0
?	2014/15	Economic & Community Infrastructure	Highways	Highways NHT Survey	Other	Previous MTFP saving for non-participation in the survey reinstated without budget	11,300	0
R17 - 054	2017/18	Adults & Health	Procurement Opportunities	Fee Negotiations - Consolidated Annual Saving	Procurement	Procurement haven't delivered fee reductions	653,000	0
R17 - 040	2017/18	Corporate & Support Services	Reduce Agency Spend	Impose target to reduce the cost of Agency spend by 15%	Procurement	Temporary staffing has diminished to such a level that further reductions are not feasible	208,200	208,200
R17 - 049	2017/18	Corporate & Support Services	Further Third Party spend exploration	Looking at all service areas for other opportunities	Procurement	No further opportunities have been identified	150,000	0
R17 - 028	2017/18	Corporate & Support Services	Commercial and Third Party Spend	3rd party Spend - Council, Tail-spend review linked to PtoP.	Procurement	No further cost reductions been identified	234,000	0
R17 - 028	2017/18	Corporate & Support Services	Commercial and Third Party Spend	3rd party Spend - Council, Tail-spend review linked to PtoP.	Procurement	No further cost reduction been identified	234,000	0
R17 - 030	2017/18	Corporate & Support Services	Commercial and Third Party Spend	ICT related savings on the return of the service from SWOne	Procurement	No further cost reduction been identified	1,058,000	0
R17 - 029	2017/18	Corporate & Support Services	Commercial and Third Party Spend	Target high-volume users and find low cost alternatives	Procurement	Shortfall on saving on BT contracts	3,400	0
R17 - 058	2017/18	Children & Families	Reduce Commissioning Activity in SSE	Savings across Education Services, Transport budgets and through the integration of early help arrangements	Service Review	No plans in place to deliver	677,000	0
R17 - 043	2017/18	Earmarked Reserves	Children's Commissioning - Exploring regional Services	Exploring Regional Services	Service Review	This saving was previously held against a reserve and this is likely to have contributed to its non-delivery	750,000	250,000
ECI-071	2018/19	Economic & Community Infrastructure	Highways Winter Gritting	Highways Winter Gritting	Service Review	Further analysis of what routes SCC must grit meant only an £80k saving would be realised.	40,000	0
R17 - 055	2017/18	Public Health	Service Redesign	Review of further savings initiated to examine impacts over and above Public Health grant reductions imposed. To include review of other services, working with Public Health.	Service Review	Saving was one off but had been factored in as on-going	18,500	0
R18 - 033	2018/19	Public Health	Service Redesign	Review of further savings initiated to examine impacts over and above Public Health grant reductions imposed. To include review of other services, working with Public Health.	Service Review	Saving was one off but had been factored in as on-going	107,000	0
R18 - 018	2018/19	Corporate & Support Services	Service Redesign	Reduction in the use of external Legal Capacity	Service Review	Individual caseloads from services requiring specialist support from external sources	205,500	0
R17 - 042	2017/18	Adults & Health	Technology and People	Improve organisational productivity and process efficiency	TAP	No further cashable savings can be achieved resulting from TAP	439,000	685,000
R17 - 042	2017/18	Children & Families	Improve organisational productivity and process efficiency	Reduce staff costs	TAP	No further cashable savings can be achieved resulting from TAP	1,290,000	615,000
R17 - 042	2017/18	Children & Families	Improve organisational productivity and process efficiency	Reduce staff costs	TAP	No further cashable savings can be achieved resulting from TAP	502,000	240,000
R17 - 042	2017/18	Corporate & Support Services	Technology and People	Improve organisational productivity and process efficiency	TAP	No further cashable savings can be achieved resulting from TAP	1,136,000	621,000
R17 - 042	2017/18	Corporate & Support Services	Technology and People	Legal Services TAP	TAP	No further cashable savings can be achieved resulting from TAP	13,000	0
R17 - 042	2017/18	Corporate & Support Services	Finance	Finance Undeliverable savings/unrealistic income staffing/vacancy/TAP	TAP	No further cashable savings can be achieved resulting from TAP	24,200	0
R17 - 042	2017/18	Economic & Community Infrastructure	Technology and People	Improve organisational productivity and process efficiency	TAP	No further cashable savings can be achieved resulting from TAP	725,000	414,000
R17 - 042	2017/18	Economic & Community Infrastructure	Technology and People	Improve organisational productivity and process efficiency	TAP	No further cashable savings can be achieved resulting from TAP	142,000	0
R17 - 059	2017/18	Children & Families	Transport	Savings across Education Services, Transport budgets and through the integration of early help arrangements.	Transport	No plans in place to deliver	707,000	0
R18 - 030	2018/19	Children & Families	Transport (Service Redesign)	Making efficiencies in our transport operations	Transport	No plans in place to deliver	535,000	0
R17 - 016	2017/18	Children & Families	Transport	Cross-cutting Transport Review	Transport	No plans in place to deliver	1,125,000	300,000
?	2016/17	Corporate & Support Services	Finance	Finance Undeliverable savings/unrealistic income staffing/vacancy	Vacancy Savings	Vacancy factors applied not achievable	56,400	0
<b>Total</b>							<b>11,761,792</b>	<b>3,333,200</b>

## Alternative Funding Arrangements Identified

Ref	Year of Savings Decision	Service / Area	Proposal Title	Proposals Description	Proposal Category	Reason why saving is unachievable	2019/20	2020/21
R17 - 056	2017/18	Adults & Health	Reductions in LD Purchased Services	Unachievable savings relating to RTIL	Other	Alternative funding arrangements now in place	4,078,400	0
R17 - 056	2017/18	Adults & Health	Reductions in LD Purchased Services	CCG Contribution	Other	Alternative funding arrangements now in place	(1,019,600)	0
<b>Total</b>							<b>3,058,800</b>	<b>0</b>

This page is intentionally left blank

## Appendix: B

### Minimum Revenue Provision Statement 2018/19

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended], local authorities are required to charge a Minimum Revenue Provision (MRP) to their revenue account in each financial year. Before 2008, the 2003 Regulations contained details of the method that local authorities were required to use when calculating MRP. This has been replaced by the current Regulation 28 of the 2003 Regulations, which gives local authorities flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to statutory guidance (issued by the Secretary of State).

An underpinning principle of the local authority financial system is that all capital expenditure must be financed either from capital receipts, capital grants (or other contributions) or eventually from revenue income. The broad aim of prudent provision is to require local authorities to put aside revenue over time to cover their Capital Financing Requirement (CFR). In doing so, local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits (often referred to as 'useful economic life').

The guidance requires the Authority to approve an Annual MRP Statement each year and recommends several options for calculating a prudent amount of MRP.

Having reviewed the options suggested by the guidance and considered the historic information available to the authority for previous years capital expenditure funded from un-supported borrowing, the Authority proposes an MRP policy based on two distinct components:

1. An element based on the period the capital expenditure provides benefit to the authority, as per the maximum useful economic lives (UEL) in the table below:

ASSET CLASS	MAXIMUM UEL
Freehold Land	999 years
Freehold Buildings	99 years (dependant on specific-asset information provided by the Council's RICS qualified valuation team)
Leased Land	Length of lease term or asset UEL, whichever is lower
Leased Buildings	Length of lease term or asset UEL, whichever is lower

Plant & Equipment (owned)	10 years
Plant & Equipment (leased)	Length of lease term or asset UEL, whichever is lower
IT	7 years
Intangible (software licences)	Length of licence term
Infrastructure	64 years
Heritage	999 years
Assets Held for Sale	Dependant on the asset class prior to being reclassified as held for sale

For un-supported loans funded capital expenditure prior to 1<sup>st</sup> April 2018 there was no direct link between individual assets and their funding types, so it has not been possible for the authority to analyse the CFR (as at 31<sup>st</sup> March 2018) by specific loans-funded assets. It is the Council's intention to apportion the CFR balance (as at 31<sup>st</sup> March 2018) of £366.115m over the weighted average life (based on the useful economic lives) of the Council's entire asset portfolio – as reported in the 17/18 published accounts.

Any capital expenditure funded from un-supported borrowing post 1<sup>st</sup> April 18 will have a direct link to the benefit being received (asset) on the accounting system, it is therefore the Council's intention to put aside revenue for this element of the CFR on an asset by asset basis – having considered the useful economic lives in the table above.

Paragraph 40 of the statutory guidance suggests that the MRP should normally commence in the financial year following the one in which the expenditure was incurred, so capital expenditure incurred during 2018/19 will not be subject to a MRP charge until 2019/20.

2. An additional element to ensure the authority has enough put aside to meet the repayment dates of the loans when they fall due.

Paragraph 14 of the statutory guidance identifies a concern over an authorities' ability to fully provide for its debt based on current levels of MRP. As relying on continuing access to PWLB to repay debt when it falls due does not represent a prudent approach, we are planning to make an additional MRP payment of £0.400m each year (incrementally) over and above the MRP charge identified in point 1. This planned incremental increase each year will ensure we have enough put aside to meet the repayment dates of existing debt instruments when they fall due. This has been confirmed by a detailed review of the current debt maturity profile. We will continue to monitor the MRP and repayment profile of the Council's debt instruments, and if future borrowing creates a potential shortfall, we will increase the additional MRP accordingly to ensure significant provision is put aside.

NB. This proposal excludes leased assets, as their MRP requirement has been met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability when the rent is paid.

Based on the Authority's Capital Financing Requirement on 31st March 2018, the budget for 2018/19 MRP has been set as follows:

	<b>31.03.2018 CFR £m</b>	<b>2018/19 MRP £m</b>
<u>Capital Expenditure</u>		
Capital expenditure before 01.04.2018	366.115	1.039
<u>Additional Contribution</u>		
Additional Contribution (2018/19)	-	0.400
<b>Total</b>	<b>366.115</b>	<b>1.439</b>

This page is intentionally left blank



## SOMERSET COUNTY COUNCIL SUMMARY OF MTFP 2019/20 IMPACTS

### 1.1 Summary of Impacts for MTFP 2019/20

In order for the Council to fulfil its legal requirements under the Public Sector Equality Duty, members are asked to have due regard to the equality impact assessments supporting the proposals attached to this decision. An Equality Impact Assessment is a way of analysing changes to our services, policies and strategies and identifies potential impacts on characteristics protected under the Equality Act 2010. This allows us to make informed decisions that can be evidenced and shared with interested parties.

The characteristics protected under the Equality Act 2010 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.

This due regard should be considered with the duties set out in the Public Sector Equality Duty. So for the characteristics identified above will the change help or hinder:

- 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.

This summary of key impacts and the equality impact assessments 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 Equality Act 2010 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 and reasonable
- Only taken following appropriate consultation with those affected.

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

### **Cumulative Equality and Diversity Impacts for the 2019/20 Medium Term Financial Plan (MTFP)**

Based on the proposals put forward within this report there are a number of impacts, which, when looked at together, could have combined impacts on characteristics protected under the Equality Act 2010. They are:

- There are a number of proposals that could affect **disabled people**. This could be through what services are available for people to access, the services that are available being reduced or their ability to navigate Somerset independently.
- **Women** are also more likely to be impacted by a combination of proposals. As women are still more likely to provide a child or adult caring role they could be disproportionately affected by the changes to support services for disabled people and young people.

When considering these identified cumulative impacts, it is also worth considering the outstanding elements from decisions taken in-year. This could be because the decision has been delayed due to consultation being completed or a phased implementation to a decision already taken. When these are looked at they can contribute or create new cumulative impacts such as:

- **Women** could be further impacted with the remainder of the reductions in funding to Advice Services. The additional reductions in youth services could place more of a burden on women who are more likely to be the main care givers in a home. This could then be further impacted by reductions to support provided to families.
- Taking these additional savings into account there could be a cumulative impact on **young people**. This would be through a further reduction in youth services, and the support provided to their parents through the GetSet services.

There are some mitigations identified within the individual proposals to minimise the impacts identified. This include

- working with the voluntary and community sector to provide some of the support services we currently provide
- providing sign posting and advice on alternative areas of support and services

## 2019/20 Proposals for Change Savings Totals

Service	Proposals for Decision				Proposals requiring consultation				TOTALS for Proposals for Decision and Proposals Requiring Consultation				Proposals for information - decision already taken (no proformas)				TOTALS			
	No. Proposals for Change	Max 19/20	..of which is ongoing savings	Additional ongoing savings from 20/21	No. Proposals for change	Max 19/20	..of which is ongoing savings	Additional ongoing savings from 20/21	No. Proposals for change	Max 19/20	..of which is ongoing savings	Additional ongoing savings from 20/21	No. Proposals for change	Max 19/20	..of which is ongoing savings	Additional ongoing savings from 20/21	No. Proposals for Change	Max 19/20	..of which is ongoing savings	Additional ongoing savings from 20/21
Adults Services	6	2937.0	2937.0	219.0	0	0.0	0.0	0.0	6	2937.0	2937.0	219.0	3	552.0	552.0	0.0	9	3489.0	3489.0	219.0
Children's Services	6	1701.0	925.7	0.0	0	0.0	0.0	0.0	6	1701.0	925.7	0.0	0	0.0	0.0	0.0	6	1701.0	925.7	0.0
ECl	25	1651.2	1234.2	20.0	0	0.0	0.0	0.0	25	1651.2	1234.2	20.0	2	856.0	856.0	234.1	27	2507.2	2090.2	254.1
Corporate Services	9	1482.9	1117.9	76.5	2	740.0	740.0	54.2	11	2222.9	1857.9	130.7	5	783.0	783.0	0.0	16	3005.9	2640.9	130.7
Financial Adjustments	0	0.0	0.0	0.0	0	0.0	0.0	0.0	0	0.0	0.0	0.0	4	4708.0	3108.0	0.0	4	4708.0	3108.0	0.0
<b>TOTALS</b>	<b>46</b>	<b>7772.1</b>	<b>6214.8</b>	<b>315.5</b>	<b>2</b>	<b>740.0</b>	<b>740.0</b>	<b>54.2</b>	<b>48</b>	<b>8512.1</b>	<b>6954.8</b>	<b>369.7</b>	<b>14</b>	<b>6899.0</b>	<b>5299.0</b>	<b>234.1</b>	<b>62</b>	<b>15411.1</b>	<b>12253.8</b>	<b>603.8</b>

One-off savings (for decision or consultation) =  
1557.3

One-off savings for 19/20 =  
3157.3

This page is intentionally left blank

## Appendix E1: Summary of Savings Proposals for 2019 - 2022 for Cabinet

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
<b>Adult's – For Decision</b>				
Adults 1920-01	<b>Rationalisation of Extra Care Housing provision in Somerset</b>	As part of MTFP2, ASC funded support to three Extra Care schemes has been de-commissioned of those schemes that are furthest from the desired model and have no or very little support being delivered in them. Going forward, there is a confidence a further 8 out of the 22 remaining schemes do not provide good value for money and as a model do not support good community support or interactions. It is therefore felt that the ASC funded support could be withdrawn and used in better ways. For clarity the schemes will not close, but it is expected that they would continue as either general needs housing suitable for older people or specialist sheltered housing / Assisted living.	604	219
Adults 1920-03	<b>Review of Care Packages</b>	Adult Social Care (ASC) have a statutory responsibility to carry out reviews under the Care Act on an annual basis. There are currently 6,832 people receiving care and support within the community. ASC are committed to improving individual lives by providing the right kind of support however the service has identified that when carrying out a strengths-based person-centred review in line with the 'Promoting Independence' strategy show that savings can be achieved. On the basis of progress in 2018 -19 further savings will be delivered whilst still improving outcomes for individuals.	1100	0
Adults 1920-04	<b>KeyRing Grant Reduction</b>	KeyRing network provides a variety of accommodation and housing related support for clients. Moving forward ASC are looking to re-provide the support that is currently given to members in Glastonbury/Street as information suggests that individuals do not need or require this level of support and people have been successfully integrated back into their communities.	15	0
Adults 1920-08	<b>Recommissioning Care Home Dementia Support</b>	The proposal will review existing high cost complex mental health cases who have complex dementia to identify the most appropriate care is being provided to each individual, and to ensure value for money is being achieved in relation to the associated costs of each package of care. At present there are a number of individuals who have high levels of 1.1 support for whom the quality of experience is	100	0

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
		not as good as expected. As part of this change and reduction we will be looking to recommission alternative delivery models for this client group that supports them to be independent but is more cost effective.		
Adults 1920-09	<b>Managing Demand / Reduction in placements in residential nursing care</b>	This proposal is aligned to the reduction that has been seen in placements in residential and nursing care and over the last few years and the continued change of approach within the ASC sector. This builds upon the reduced dependency on this model of support both as a result of the 'Promoting Independence' strategy and also the focus on keeping people at home with support.	1068	0
Adults 1920-10	<b>Reduction of Independent Assessor support in the deprivation of Liberty safeguards service</b>	The service currently uses a mix of internal and external assessors to manage MCA assessments. The service is proposing to reduce reliance upon independent Best Interest Assessors (BIAs) (Expensive) and ensure maximum effectiveness of our in-house assessors.	50	0

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
<b>Children's – For decision</b>				
Chil1920-01	<b>Support for School Improvement</b>	To use the School Improvement Monitoring and Brokering Grant to fund the salaries of the Primary School Improvement Advisers currently funded by the LA.	220.4	0
Chil1920-02	<b>Reduction in support for Early Years capital programmes</b>	Reduction in staffing capacity supporting EY capital programmes as a result of reduced capital programme for 19/20.	13.6	0
Chil1920-03	<b>CSC realignment savings</b>	Proposed realignment of social work services within the county around an east-west split.	573.4	0
Chil1920-04	<b>Children's Staffing Vacancies</b>	Hold a number of positions we have been unable to recruit to as vacant positions for one year.	775.3	-775.3
Chil1920-05	<b>Early Years Entitlements</b>	Changes to processing of payments of the Early Years Entitlement and funding for 2-year olds including the extended entitlement paid to EY providers.	20	0
Chil1920-06	<b>SEN transport</b>	Reducing the cost of providing transport to specialist provision.	98.325	0

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
<b>Corporate – For consultation</b>				
Corp 1920-07	<b>Restructure of HR Admin and Payroll Service</b>	Savings to be realised due to E processes and other innovation projects.	95	9.2
Corp 1920-12	<b>Corporate Affairs Re-structure</b>	Review of structures across ICT, Commercial Procurement and Customers & Communities and wider organisational efficiencies.	645	45
<b>Corporate – For decision</b>				
Corp 1920-01	<b>Pathway to Employment Budget Reductions</b>	SCC do not support Pathway to Employment and the budget not already committed for 19/20 is permanently released.	115	76.5
Corp 1920-02	<b>Vacant IT Training Manager position</b>	Permanently release current budget for IT Training Manager position.	40.7	0
Corp 1920-03	<b>Vacant HR Advisor position</b>	Permanently release current budget for part time HR Advisor position.	24.5	0
Corp 1920-04	<b>Vacant OD Service Manager position</b>	Permanently release current budget for OD Service Manager position.	47.7	0
Corp 1920-05	<b>Permanent reduction in Learning &amp; Development training budget</b>	Reduction in training budget.	100	0
Corp 1920-13	<b>ICT Contract and Service Change</b>	Contract savings and reductions. SAP, ATP, Express Route, eDOCS.	847	-345



Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
Corp 1920-14b	<b>ICT Resource income generation</b>	Opportunity to generate income through charging for resource time.	20	-20
Corp 1920-17	<b>Additional contractual efficiency savings</b>	Deep dive review of Tier 1 Contracts to identify efficiency savings in changing scope, scale and/or re-negotiating price.	168	0
Corp 1920-23	<b>Review of Fees and Charges</b>	Review charge out rates in respect of external customers and time charge rates against capital and grant funded project.	120	0

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
<b>ECI – For decision</b>				
ECI 1920-01	<b>Remove current countywide 4-yearly planned programme of gully cleaning</b>	Remove the current 4-yearly planned programme of gully cleaning from 2019/2020. This affects approximately 72,000 gullies countywide. Approximately 18,000 gullies cleaned each year, a quarter of the 4-yearly programme is delivered annually. The gullies referred to in this proposal are in predominantly, low risk urban areas. Reactive orders will continue to be raised against these gullies based on demand; identified by the public or from safety and serviceability inspections.	80	0
ECI 1920-03	<b>Reduction in Rights of Way Service Delivery</b>	Reduce the routine vegetation clearance programme on RoW. The annual contract spend is approximately £85k (delivered through a Framework Agreement & competitive process). It is proposed that £25k of this budget is surrendered.	25	0
ECI 1920-04	<b>Implement a 1-swathe width cut across the entire planned verge maintenance programme 2019/2020.</b>	Service currently implements variable swathe width cuts across the network. Saving to be achieved by modifying extent of cutting undertaken in this 16-week countywide programme. Visibility splays and forward sight lines, as defined in the inventory, to remain as part of the agreed service provision.	90	0
ECI 1920-05	<b>Capitalisation of the existing revenue funded Ditches and Grip budget</b>	Works involve creating new, permanent, assets.	60	0
ECI 1920-08	<b>Flood &amp; Water Management Budget</b>	Reduce the funding in the 2019/20 programme by £80,000 (with budget returning to pre-saving level in 2020/21). This will be achieved by: 1) Undertaking fewer flood risk management studies and options appraisals. 2) Designing and constructing fewer flood alleviation schemes.	80	-80
ECI 1920-09	<b>Highways Winter Emergency</b>	Removal of roadside salt supplies for self-help usage by the travelling public in winter conditions. Prior to 2018/2019 SCC policy was for salt to be supplied for this	40	0

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
	<b>Service - removal of road side salt supplies</b>	operation contained in grit bins and 1 tonne dumpy bags. This service was stopped for the winter of 2018/2019 as a one-off measure. Whilst this has been temporarily reinstated the proposal is to remove this provision as an ongoing measure from 2019/2020 onwards.		
ECI 1920-10	<b>Highways Staff Structure Review</b>	Review staff structure in response to Asset Management Project. Asset management is a well-established discipline for the management of physical assets. Many asset owning organisations have adopted the principles of asset management and as a result, can demonstrate benefits in terms of financial efficiencies, improved accountability and stewardship of the asset, better value for money and improved customer service.	80	0
ECI 1920-11	<b>Reduction of the in-year Reactive Jetting budget</b>	Reduction of the in-year reactive jetting budget to remove £40k from the £158k countywide base budget.	40	0
ECI 1920-13	<b>Highways – Winter &amp; Emergency Service (Gritter Fleet Disposal)</b>	To sell the three gritters which have been replaced by new gritters purchased in advance of the 2018/19 winter season. The gritters are no longer required to support service delivery.	27	-27
ECI 1920-14	<b>Disposal of Land Rover fleet</b>	Following the review and revision of the Winter Service Policy, there is no requirement for SCC operational staff to drive in challenging climatic conditions that would necessitate the specific provision of a 4x4 vehicle. A £75k one off saving for disposal to capital receipts is expected alongside £3.2k ongoing running cost savings.	78.2	-75
ECI 1920-17	<b>Reduce traffic management and parking service revenue costs</b>	Review how Traffic Management and Parking services are undertaken with a view to reducing the revenue budget. This will include ensuring full cost recovery, income generation and service re-design by bringing Parking Services into the Traffic Management service structure.	100	-100
ECI 1920-19	<b>Further reductions in road safety and</b>	Reduce revenue costs by £150,000 in 2019/20 by reducing the Road Safety and Transport Data services towards a statutory minimum funded from SCC budgets. This is a 22% reduction of the total revenue budget.	150	0

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
	transport data service			
ECI 1920-20	<b>Rights of Way - reduction of town &amp; village green budget &amp; reduction of Exmoor NPA contribution</b>	Surrender Town & Village Green budget of £15k for 2019/20 - A one-off in-year saving of £15k can be surrendered in relation to Town & Village Green registrations. This would be the second year of surrendering this budget. Exmoor National Park Authority (ENPA) contribution – reduce by £5k - The current contribution from the Council to ENPA for delivery of statutory functions in relation to rights of way is £28,046. It is proposed that this could be reduced by £5,000 to £23,046.	20	-15
ECI 1920-21	<b>Monmouth House Lease Surrender</b>	Surrender of under-utilised lease of Monmouth House and move of SWP to Broughton House with associated rental income.	90	0
ECI 1920-22	<b>Vacation and surrender of 1 The Crescent</b>	Surrender of lease of surplus building (leased in) and move of teams to underutilised first floor of Paul Street Library.	85	0
ECI 1920-23	<b>New rental income</b>	This relates to rental for a production kitchen unit on the old St Augustine’s site. The current tenant only paid rental based on profitability as a legacy of the Free School Meals project but has served notice. A new tenant/provider is being sought for the unit.	20	-20
ECI 1920-24	<b>Staff Restructure</b>	Loss of Apprentice role - removing the post in Estates which comes to an end and covering those functions previously carried out by the apprentice through re-distribution of those functions among the remaining team and re-prioritisation of other tasks.	13	0
ECI 1920-24a	<b>Staff Restructure</b>	Flexible retirement - following discussions with one member of staff, there has been an application for flexible retirement which would see a full time post reduced to 3/5.	10	10
ECI 1920-25	<b>Corporate Landlord</b>	This proposal relates to the new Corporate Landlord model for delivering property and asset management, whereby responsibility for our property assets passes to the Corporate Property Group allowing for a consistent and joined up approach to all	50	0

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
		property matters and enabling savings from rationalisation, increased utilisation and economies of scale.		
ECI 1920-26	<b>Reprographics Review</b>	<p>New model of operations for Reprographics being proposed involving reduced reliance on high cost per click in-house options and reduced overhead.</p> <ul style="list-style-type: none"> <li>- Relocate two Multi-functional devices (MFDs) with full colour enabled from elsewhere in County Hall to Reprographics to be used for small-scale print jobs and terminate the lease (3 months' notice) on two large-scale Xerox machines.</li> <li>- Reprographics to act as a broker for print/finish jobs, outsourcing when print quality and/or price is better than in-house.</li> <li>- Set up a dynamic procurement system or increased number of approved external suppliers to 'bid' for each print job.</li> <li>- Review job descriptions for two posts in Reprographics.</li> </ul>	25	0
ECI 1920-27	<b>Beckett House</b>	Savings from running costs assuming new use/disposal - options currently being explored include possible re-use as enterprise centre which could generate income, but this may not hit property budgets and so this proposal relates only to the small annual running costs currently picked up within our group, which would either be passed to tenants or reassigned as the property is disposed of. Proposal will require the relocation of the Registration Service.	3	0
ECI 1920-28	<b>Dr Morgan's School Site</b>	Savings expected from current running costs assuming disposal by October 2019. This proposal relies on the planned relocation of the Libraries West operation to new more suitable premises.	10	10
ECI 1920-29	<b>Health and Safety System replacement</b>	Savings secured through procurement of new supplier for Health and Safety management system. Implementation took place in 18/19 with savings only to be realised in 19/20 due to mobilisation costs.	20	0
ECI 1920-33	<b>Economic Development savings</b>	<p>This proposal includes the following two elements to enable a reduction in the net revenue base budget allocation by SCC for economic development from 2019/20:</p> <ol style="list-style-type: none"> <li>1. Fund SCC's contribution to the annual programme management costs of the Connecting Devon and Somerset programme through the use of capital receipts flexibility (£180k)</li> </ol>	230	0

Service Area Ref.	Proposal Title	Brief Summary	Sum of Max Value 2019/20 Saving (£,000)	Sum of Max Value 2020/21 Saving (£,000)
		2. Public Health funding of inclusive growth outcomes via economic development (£50k)		
ECI 1920-Waste	<b>Waste savings</b>	Proposal subject to Somerset Waste Board approval in February 2019. <a href="http://democracy.somerset.gov.uk/documents/s9103/Financial%20Performance%20-%20Year%20To%20date%20and%20Draft%20Budget%20Dec%202018.pdf">http://democracy.somerset.gov.uk/documents/s9103/Financial%20Performance%20-%20Year%20To%20date%20and%20Draft%20Budget%20Dec%202018.pdf</a>	225	-100

Appendix E2 –  
Adults & Health  
Proposals for  
Change –  
For decision for 2019  
– 2022

## Proposal for Change:

### ASC1920-01 – Rationalisation of Extra Care Housing provision in Somerset

Reference:	ASC1920-01
Service Area:	Adults Social Care
Director:	Stephen Chandler
Strategic Manager	Steve Veevers
SAP Node	EHA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
<b>X</b>	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>Extra Care Housing (ECH) is provision of accommodation-based care and support to people, allowing them to live independently. Effectively, it is having 24-hour carers based in a building, being on hand to respond to emergencies, planned care or provide group activities. When commissioned well, the model can be highly effective in helping people to stay independent and well for much longer in the community, reducing the need for more intensive settings like residential or nursing care. The presence of core support, as well as the benefit of friendships and networks with other residents are all positive factors for people's wellbeing on vibrant and busy schemes.</p> <p>Somerset County Council currently fund background, night and management staffing (Core) in 23 extra care schemes across the county, some are well utilised, but some have lower levels of care delivered in the schemes. A proportion of these are at a level where the investment in "core" support does not represent value for money or provide a reduction in the "paid for" care to people.</p> <p>The council's commissioners, information systems and recording of care delivery in Extra Care have been instrumental in the development of this proposal that has</p>



considered the usage within the schemes and provided an update of both assessed care (that which people are eligible to receive following a social care assessment) and core staffing (which may be preventing them needing further care or helping people stay independent).

There are a number of schemes where the assessed care delivery hours are considerably low, it is expected to have a minimum of 200 hours for a scheme to make it economically viable for the care provider. Also, some schemes within the current stock do not meet the recommended design for Extra Care Housing. Schemes need to be accessible, or be capable of being adapted, to facilitate the delivery of personal social and health care services. A number of the Somerset schemes have a dispersed bungalow setting over a large area that make it difficult for staff to deliver services effectively and raises concerns for night staff travelling alone.

The recommended model for Extra Care is a single building, with multi occupancy of approximately 40 or 50 units. Best practice research informs us that in order to have a vibrant and balanced community within an Extra Care scheme, residents should have a range of dependency needs, the general principle is that there will be mixed range of assessed care needs with a third of the population having low, another third having medium and the remaining third high.

The proposal would not mean that people need to move from their home, as their right to tenancy in the property will remain, but the proposal is to remove the core care component of the Extra Care Scheme where it is not currently value for money. However, due to the cumulative effect to the market of the removal of the core component across multiple schemes, this must happen in a phased approach to facilitate the transitional period, therefore, a clear programme would need to be developed to enable the savings whilst not overly disrupting the marketplace or providers.

The levels of investment by Somerset County Council vary by scheme, dependent on the number of units of accommodation. The net investment figure is offset by the client contribution of approximately 21% per scheme.

Adult Social Care (ASC) are proposing to remove the core component from 8 schemes in 2019/20 to generate a possible full year saving of £823,000 with 2019/20 savings totalling £604,000.

To ensure minimal disruption a programme will be developed and will be delivered over the year period that will ensure minimal risk to the Housing Provider market.

For clarity, the schemes will not close, but it is expected that they would continue as either general needs housing suitable for older people or specialist "sheltered housing" / assisted living.

It is expected that the residual schemes would be effective and at a level that would represent value for money.

## **2a. Confidence level**

100 %

Initial conversations “in principal” have already occurred with housing providers and care providers and commissioners are confident that the removal of the core component of the least financially viable ECH schemes would be possible to achieve.

This would not adversely affect the provision of specialist housing in Somerset and it is considered that demand for this type of services warrant this correction of this type of accommodation that does not meet the desired model of Extra Care.

The concern of commissioners is the de-stabilisation of the market which could potentially have severe impact on the sustainability of the Care and Housing providers, if the withdrawal is made too quickly.

## **3. Impact on residents, businesses and other organisations:**

Those people living in schemes that are identified for decommissioning will face the removal of the 24-hour care and support provision. Specifically, these schemes have been chosen as they currently have minimal use of the night support and little use of the background staffing. Replacing with a provision of home care, as if people were living in general needs housing, will continue to meet any assessed needs under the Care Act.

Providers who are providing the care under contract will suffer a loss of income and a change to the provision. This may impact on their staffing negatively, for example needing to make redundancies / redeployment of staff that were previously delivering this service. This may need to be taken into account for one off cost out of any saving proposals.

Landlords providing the housing will also have a loss of income from the grant from SCC, provided to them. As specialist Residential Social Landlords (RSL's) they will have social responsibilities to providing specialist accommodation. There may well be a reputational impact on these landlords, although some have already agreed in principal to changes set out.

Adult Social Care will also need to manage the relationship with District Councils who could be disengaged with the proposals due to the change in service being offered. This relationship will be managed by Commissioners to ensure that joint strategic aims are agreed, and any feedback or issues are listened to and resolved to both parties satisfaction.

Further information on impacts can be found in the Equalities Impact Assessment.

**4. Impact on other services we provide:**

This proposal may have an impact on other services, specifically if the current Extra Care Provider, when given notice, opts to not provide the assessed domiciliary / home care to people. If this was to occur then other providers will need to be found, more likely that not from current domiciliary care providers.

There will be also be an impact on operational social work teams in completing reviews or assessments of people that may have not been done recently.

No other impact on other services is expected.

**5. Impact on staff:**

No impact on SCC staff, however, there could be potential impact on provider staff if the service provision was reduced.

**6. Resources and support needed to make the change:**

Would require;

- Commercial and Procurement resource to agree contractual changes required.
- Commissioner resource will be required to agree and negotiate changes.
- Project & Change Manager to lead the delivery of the programme.

**7. Timescale to deliver and major milestones:**

Milestone	Date
Full Council Sign off	Feb 2019
Planning and preparation phase including comms to housing providers (ALL)	March 2019
<b>Tranche 1:</b> TBC de-commissioned schemes	March 2019
<b>Tranche 2:</b> TBC de-commissioned schemes	May 2019
<b>Tranche 3:</b> TBC de-commissioned schemes	July 2019
Delivery of in year savings	September 2019
Commencement of 100% in year savings	January 2020

**8. Risks and opportunities:**

Individual service users may need reviews to ensure continuity of care.

Any delay in the phasing of the decommissioning will reduce the level of savings able to be achieved.

Relationship with District Council maybe negatively impacted by changes.

**9. Dependencies:**

- Contract with care providers
- Grant Agreements with Landlords
- Work being undertaken through FIT.
- District Councils

All dependencies will be managed through the service.

**10. Initial Equality Impact Assessment:**

Please see separate Equalities Impact Assessment.

**11. Consultation and Communications plan:**

Formal Consultation on mitigation of the impact, will be undertaken for all schemes affected. A full consultation and communication plan is in place for each of the identified schemes, ready to be enacted.

**12. Legal Implications:**

There is no statutory duty to provide service, the changes are to be addressed through contractual and grant changes.

Also need to demonstrate how this decision is consistent with the wellbeing duty in the Care Act 2014. Must address market-shaping duty of the local authority under section 5(1) and 5(2)(f) Care Act 2014.

**13a. Financial Implications – net change to service budget in each year:**

Are the savings evidenced based?		Yes			
If no, when is evidence expected?		N/A			
Please note: these figures should be cumulative (as per the approach for MTFP and savings)					
£s	Savings	Income	Growth/Costs	Total	Ongoing or One-off?
2019/20	£ 604,000	£	-£	£ 604,000	Ongoing
2020/21	£ 219,000	£	-£	£ 219,000	Ongoing
2021/22	£			£	
2022/23	£			£	
<b>Total</b>	<b>£ 823,000</b>	<b>£</b>	<b>-£</b>	<b>£ 823,000</b>	

**13b. One off project costs and income (not included in above):**

£s		
2018/19	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Somerset Equality Impact Assessment

<b>Organisation prepared for</b>	<b>Somerset County Council</b>		
<b>Version</b>	<b>V1.0</b>	<b>Date Completed</b>	<b>19<sup>th</sup> November</b>

**Description of what is being impact assessed**

**Rationalisation of Eight Extra Care Schemes to general needs housing**

Extra Care is seen as a valuable and arguably, essential resource for older people in Somerset to have a range of accommodation based support options, as people’s care needs and mobility needs increase. Good extra care allows for flexibility of delivery and wider community involvement. Extra Care Housing, when done well is provision of accommodation-based care and support to people, allowing them to live independently in a building purpose built.

Effectively, it is having carers based permanently in a building, being on hand to respond to emergencies, planned care or provide group activities, supported by a range of technology solutions, community activity and mutual encouragement from peers.

Effective use of the service would mean that people who reside in the schemes have a need for the care, which is not the case in some schemes in Somerset and has led to the decision to decommission some of the least efficient and furthest from the desired model.

The council’s information systems and recording on care delivery in Extra Care have been instrumental in the development of this proposal that has looked at the usage and update of both assessed care (that care which people are eligible to receive following a social care assessment) and core staffing (which may be preventing them needing further care or helping people stay independent)

The proposal would not mean that people need to move from their home, as the property will remain, but the proposal it to remove the core care component of the Extra Care Scheme and people will still retain their assessed care packages, as would anyone living in their own home or general tenancy in the community.

**Evidence**

This information in care delivery reports, would indicate that in the identified schemes there is no or very low uptake on the provided “core” care, meaning that there would be little or no impact on the people living in these schemes of removing the core care. People will still be able to receive any care act eligible care or support that they require from a domiciliary care company for their assessed care as with any other person living in their own home in general housing (either rented, owned or from social landlords) This assessed care will be offered to the current care and support provider in the first instance to maintain continuity or support the transfer to another care provider if more appropriate.

Scheme A - currently delivering 35.75 assessed care hours per week  
Scheme B - currently delivering 85.75 assessed care hours per week  
Scheme C - currently delivering 62.25 assessed care hours per week  
Scheme D - currently delivering 34.25 assessed care hours per week  
Scheme E - currently delivering 67.25 assessed care hours per week  
Scheme F - currently delivering 63.50 assessed care hours per week  
Scheme G - currently delivering 84.25 assessed care hours per week  
Scheme H - currently delivering 103.50 assessed care hours per week

All of the 19 remaining ECH schemes have a higher proportion of women to men, due to the age component of the people living in them.

**Who have you consulted with to assess possible impact on protected groups?**

The residents of the eight identified schemes will be engaged with before the removal of the care and following the decision for these schemes. This engagement is specifically about the impact and mitigations of the removal of this service on residents and families. For clarity, this is not a consultation on the decision to decommission the support but helping people to understand the impact of the removal of the care and support and what can help to implement the changes.

This engagement will take the form of letters to residents, engagement meetings in the schemes, information packs and questionnaires for residents and dedicated inbox and telephone number for correspondence.

This will be conducted alongside stakeholder engagement with the care & support provider and landlord to ensure that a range of views are captured about the mitigation that might be needed and any individual residents that might need some specific alternative response.

**Analysis of impact on protected groups**

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
<b>Age</b>	<ul style="list-style-type: none"> <li>There will be a reduction in the number of specialist housing options for OLDER people with the removal of eight extra care schemes People who live in the effected Extra Care will experience a loss of formal support and wider social networks.</li> <li>People who wish or need to access extra care may need to move further from their current home.</li> </ul>	☒	☐	☐
<b>Disability</b>	<ul style="list-style-type: none"> <li>There will be a reduction in the number of specialist housing options for DISABLED people with the removal of eight extra care schemes People who live in the effected Extra Care will experience a loss of formal support and wider social networks.</li> <li>People who wish or need to access extra care may need to move further from their current home.</li> </ul>	☒	☐	☐
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>All people have equal opportunity to access the remaining Extra Care schemes.</li> </ul>	☐	☒	☐
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>All people have equal opportunity to access the remaining Extra Care schemes.</li> </ul>	☐	☒	☐
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>Not an affected group</li> </ul>	☐	☐	☐

<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>All people have equal opportunity to access the remaining Extra Care Schemes.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>All people have equal opportunity to access the remaining Extra Care</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Sex</b>	<ul style="list-style-type: none"> <li>A higher proportion of women than men live in extra care, currently at a proportion of 64% to 36%. This means that women may be impacted more than men.</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>All people have equal opportunity to access the remaining Extra Care schemes.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>With the removal of the background staffing in extra care schemes, people may experience greater social isolation with the loss of some interaction with paid staff.</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Negative outcomes action plan</b>				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
Monitoring of numbers / demand for extra care	31/12/2018	Vicky Chipchase	Allocation meetings	<input type="checkbox"/>
Development of more modern, cost effective extra care to replace this and other losses. The reason for the long timescale on this action is due to the time it will take to raise funding, identify a site and housing partner and then physically build new extra care schemes.	01/04/2020	Steve Veevers	Extra Care development plan	<input type="checkbox"/>
With the loss of on site care providers, people may experience a reduction in the contact with other people, but Somerset is promoting the use of the “community connect” model, of supporting people to be more active and participative in their local areas.	31/05/2019	Pip Cannons	Community Connect data	<input checked="" type="checkbox"/>



Reviewing individual plans of those potentially affected by the changes.	31/03/2019	Vicky Chipchase	Monthly reviews	<input type="checkbox"/>
--	------------	-----------------	-----------------	--------------------------

<b>If negative impacts remain, please provide an explanation below.</b>	
The demography of the older population nationally, regionally and locally evidences that women live longer than their male counterparts, meaning that there is a larger older person population than men. This means that there is likely to always be a larger cohort of women than men that live in Extra Care and therefore likely to be disproportionately impacted by any changes.	
<b>Completed by:</b>	<b>Steve Veevers</b>
<b>Date</b>	<b>19<sup>th</sup> November 2018</b>
<b>Signed off by:</b>	<b>Stephen Chandler/Tom Rutland</b>
<b>Date</b>	<b>November 2018</b>
<b>Equality Lead/Manager sign off date:</b>	<b>November 2018</b>
<b>To be reviewed by: (officer name)</b>	<b>Steve Veevers</b>
<b>Review date:</b>	<b>March 2019</b>

## Proposal for Change: ASC1920-03 – Reviews of Care Packages

Corporate Plan Priority:	ASC1920-03
Service Area:	Adults
Director:	Stephen Chandler
Strategic Manager	Emily Fulbrook
SAP Node	EHA

1. The proposal is to:	
X	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>Adult Social Care (ASC) have a statutory responsibility to carry out reviews under the Care Act on an annual basis. There are currently 6,832 people receiving care and support within the community.</p> <p>ASC are committed to improving individual lives by providing the right kind of support. We aim to raise people's ambitions about what they can achieve and help them to meet those aspirations. ASC have embedded a personalised, progression-based approach to individual reviews to enable people to be as independent as possible. We utilise Care Act guidance to determine assessed eligible need once all areas of natural support, assistive technology, equipment and community assets have been maximised.</p> <p>We will continue to use the methodology implemented in 2018/19 for reviews undertaken in 2019/20;</p> <ul style="list-style-type: none"> <li>• Individuals are involved and able to contribute to their review, if the individual is unable too then a family member will be involved, or a referral will be made for advocacy.</li> <li>• Reviews are holistic, adopting a strength-based approach with the underpinning strategy of 'Promoting Independence'.</li> </ul>

- Planned reviews will be tracked on a weekly basis by the appropriate Teams.
- Review trajectory will be set for monitoring and accountability to the appropriate teams.
- Financial validation will be completed on a fortnightly basis.
- Financial monthly profile target to be set each month.
- Review Tracker and financial validation will be completed by Senior Responsible Officer and Finance Lead.
- Quality Assurance Audits will take place to include individual, family and carer feedback surrounding the quality of review completed.
- Peer Forums provide robust challenge and scrutiny for any increases in Packages of Care or complex case discussions, to ensure that the responses ASC provide are proportionate, timely and meet our statutory obligations in the most effective way for the service and the service user.

Through this approach we have improved Outcomes for individuals and are on track to achieve savings totalling £3.1M in 2018-19. This has resulted in a robust approach including:

- Monthly Review Target assigned across the service – 200 per month
- Performance Reporting to teams and managers – Weekly Basis
- Financial Validation of impact of changes – Fortnightly basis with monthly recording against profile target.
- Quality Assurance Audit – 25 per month across ASC
- Reviews presented at Peer Forum – All planned reviews

## **2a. Confidence level**

100 %

The review methodology and principles will be based on the work undertaken during 2018/19 to deliver target review savings. We therefore have a high level of confidence in being able to achieve the savings identified.

Since April 2018 ASC have completed 2,301 reviews and associated financial validation.

## **3. Impact on residents, businesses and other organisations:**

By completing person centred reviews under the Care Act there will be positive changes made to individual packages of support, by promoting people's independence and raising ambitions. ASC will continue to meet eligible needs, but we may meet them differently that may have a financial saving.

Individuals will be supported to maximise their own support network and develop and maintain community support options.

**4. Impact on other services we provide:**

By working differently and moving away from traditional models of support we will be utilising community options and resources. There may be an impact on community systems that support individuals, ASC have developed strong links with community systems and will be able to effectively monitor any impact.

Links will be made between Operational teams and Strategic Commissioner for Communities, to identify any pressure areas and support in continued market shaping for the future.

**5. Impact on staff:**

No impact on Somerset County Council staff.

**6. Resources and support needed to make the change:**

No additional resource requirements.

**7. Timescale to deliver and major milestones:**

Reviews will be monitored on a monthly basis.

**8. Risks and opportunities:**

As part of the review work being completed there may be individuals who's care, and support needs will increase where the assessed personal budget is not reflective of need and identified outcomes. Review tracking will be implemented as part of the methodology to monitor the financial impact.

**9. Dependencies:**

None

**10. Initial Equality Impact Assessment:**

Impact will be on all client groups across adult social care. No Equalities Impact Assessment required.

**11. Consultation and Communications plan:**

Following conversations with the Corporate Equalities Manager it was agreed that consultation was not required.

**12. Legal Implications:**

What SCC is required to do by law is:

- a. Assess the relevant adult to determine what needs s/he has.
- b. Where SCC is satisfied that on the basis of the needs assessment that the adult has needs for care and support or that a carer has needs for support, it must determine whether any of the needs meet the eligibility criteria under Care Act 2014. Having made this determination as to eligibility, must give the adult concerned a written record of the determination and the reasons for it.
- c. , SCC must
  - i. consider what could be done to meet those needs that do
  - ii. ascertain whether the adult wants to have those needs met by SCC

iii. establish whether the adult is ordinarily resident in Somerset

*Care Act legislation relating to CHC*

Section 22 of the Care Act 2014 places a limit on the care and support that can lawfully be provided to individuals by local authorities. That limit is set out in section 22(1) and is as follows:

*'A local authority may not meet needs under sections 18 to 20 by providing or arranging for the provision of a service or facility that is required to be provided under the National Health Service Act 2006 unless-*

*(a) doing so would be merely incidental or ancillary to doing something else to meet needs under those sections, and*

*(b) the service or facility in question would be of a nature that the local authority could be expected to provide'.*

**13a. Financial Savings – net change to service budget in each year:**

Savings are based on the following;

Since April 2018 ASC have completed 2,301 Care at Home and Direct Payment Reviews, the Full Year Effect savings that are mapped on the basis of savings achieved through this process is predicted at £3.1M

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£'000's	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£1,100	£	-£	£1,100	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£1,100</b>	<b>£</b>	<b>-£</b>	<b>£1,100</b>	Ongoing

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£

	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

## Proposal for Change: ASC1920-04 – Key Ring Grant Reduction

Corporate Plan Priority:	ASC1920-04
Service Area:	Adults
Director:	Stephen Chandler
Strategic Manager	Steve Veevers
SAP Node	EC

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
<b>X</b>	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>The KeyRing network provides a variety of accommodation and housing related support for clients with a learning disability and / or low-level Mental Health needs. There are two KeyRing networks currently in Somerset, one in Frome which is well used and utilised and a second that covers Glastonbury &amp; Street which is not well utilised. Support is based on tenants (network members) living in their own homes but sharing their skills and talents with each other and with their local communities, with the help of volunteers and community members.</p> <p>Each KeyRing network consist of a community living volunteer and up to 9 individual units or flats which the tenants will individually rent from Housing providers. The network also has Community Support Workers and Supported Living Managers who make sure that members get the support that they need.</p> <p>However, moving forward Adult Social Care are looking to re-provide the support that is currently given to the few members in the Glastonbury/Street area to a different cohort of people, supported by the leaving care team. Data supports that the KeyRing scheme in Glastonbury/Street is not sufficiently utilised and therefore, is not warranted as value for money.</p> <p>With this in mind Adult Social Care are proposing to reduce the grant money to KeyRing. Each of the networks has a maximum 9 units and has a total cost of</p>

£32,000, this proposal is therefore committing to save the authority £15,000. Savings can commence once reviews have been completed which could be before December 2018 but will be completed before the start of the financial year.

**2a. Confidence level**

100 %

Evidence from discussion with KeyRing and those using the service have confirmed it is not value for money and that there is no impact on the end user by reducing the grant in half.

Individual reviews of people currently accessing service are occurring and alternative, low or no cost options are being explored and implemented for people.

**3. Impact on residents, businesses and other organisations:**

The five people currently accessing the KeyRing Scheme will experience a change in service as they are being reassessed, with an emphasis on greater independence, choice and control over their lives. KeyRing is in support of this and assisting in accessing alternative community provision.

**4. Impact on other services we provide:**

No other impact is expected on other services that are provided, apart from the “business as usual” social work intervention of assessment and review.

**5. Impact on staff:**

There is no expected impact on county council staff.

**6. Resources and support needed to make the change:**

Commissioners consider that the changes are able to be made within the current resources but will need a modest level of assistance from contracts and procurement to enact the changes to the grant.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Reviews of all people to be completed.		December 2018
Grant to be adjusted		March 2019

**8. Risks and opportunities:**

Adult Social Care has been supporting and advising Children’s Social Care on the use of a KeyRing scheme to support a group of young care leavers to have a better outcome than their current residential care.

This will have a positive outcome for their lives as well as the use of high cost residential placements for people.

**9. Dependencies:**

No dependencies.



**10. Initial Equality Impact Assessment:**

The Corporate Equalities Manager has advised that he does not consider the equality duty relevant to this, as a detailed Impact Assessment is being conducted under the People Too workstream in Children's services.

Each of the people currently in receipt of support will be reviewed by a member of Adult Social Care and if there is any ongoing need, this will be assessed and provided for.

**11. Consultation and Communications plan:**

Individual work and assessment is happening with all the people currently using the Glastonbury/Street KeyRing scheme. Alternative provision will be discussed and progressed through this route.

**12. Legal Implications:**

Legal implications will be considered to ensure SCC continues to fulfil its statutory duties in relation to asylum seekers, clients with a learning disability or low-level Mental Health needs, and its duty to prevent needs for care and support (section 2 Care Act 2014).

A variation to the current grant agreement will need to be done, via the contracts team and legal services.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£15,000	£	-£	£15,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£15,000</b>	<b>£</b>	<b>-£</b>	<b>£15,000</b>	Ongoing

**13b. One-off project costs and income (not included in above):**

£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£

	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£0

## Proposal for Change: ASC1920-08 – Recommissioning Care Home Dementia Support

Corporate Plan Priority:	ASC1920-08
Service Area:	Adults
Director:	Stephen Chandler
Strategic Manager	Mel Lock
SAP Node	EHA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>The proposal will review existing high cost complex mental health cases who have complex dementia to identify the most appropriate care required for each individual and to ensure value for money is being achieved in relation to the associated costs of each package of care. Alongside this we will be looking to recommission alternative delivery models for this client group that supports them to be independent.</p> <p>The primary output of this project will be a shared whole system understanding of all individuals receiving complex packages of care and assurance that their needs are being met and funded in the most appropriate manner</p> <p>This will be accomplished by first scoping the range of people being supported by high cost packages of care: where they are; when they were last reviewed; what the costs are; and the appropriateness of the delivery model of support via a review – prior to the case being re-presented to the complex case panel.</p> <p>There is an expectation that through this process there will be a rebalancing of the commissioning funding streams to be more in line with national policies rather than local historic arrangements, (e.g. the Out of Area Treatment (OAT) budget should only be used for active treatments not s117 after care and vice versa, along with more informed views regarding the proportion of health and social care spend for</p>

each case, and when Continuing Health Care (CHC) needs considered as the primary funding route.) There is also an expectation of a reduced overall spend on such cases. Where this is achieved the released benefits will be retained by the respective commissioning agencies proportionate to the original investment ratios.

The primary output of this project will be a shared whole system understanding of all individuals receiving complex packages of care and assurance that their needs are being met and funded in the most appropriate manner.

Once this shared data base has been established, (with the appropriate information governance issues in place), a filtration process will be undertaken to identify the priority cases for review.

The criteria for this prioritisation process will include those packages of care that have:

- The highest costs
- The highest levels of individual 1-2-1 support
- Not been reviewed for >12 months (taken in order of highest cost first)

It is anticipated that through unifying patient lists into one single database and applying a structured review process, savings will be identified through the appropriate scrutiny placed on packages of care that may not have been reviewed in a number of years. This will not only release savings but will also ensure that review is undertaken of the care package in place and whether it continues to meet the needs appropriately of the patient

At present the service spends £1m annually, following implementation of the above proposal it is believed that there will be a 10% saving totalling £100,000 savings for 2019/20. 10% because and for illustration purposes, the current spend on the top 10 highest costing complex cases amounts to a gross system cost of £1.145m.

The existing funding apportionment between Somerset CCG and Somerset County Council agreed at the point of funding the patient will be used to apportion the savings provided to the CCG and SCC. For example, if patient x was funded 25% by CCG and 75% by SCC the savings would therefore be apportioned to the same value.

## **2a. Confidence level**

100%

1. The team have been identified and plans in place to start before Christmas.
2. Providers negotiations planned for December 2018.
3. New model of delivery trial started.

## **3. Impact on residents, businesses and other organisations:**

A change in service model will be beneficial to customers and financially beneficial to the health and social care system. There will be no negative consequential impact on residents, businesses or other organisations.

**4. Impact on other services we provide:**

There will be no impact on other services currently provided by Somerset County Council, NHS or Clinical Commissioning Group.

**5. Impact on staff:**

There will be no staffing implications.

**6. Resources and support needed to make the change:**

To undertake this piece of work there is the following resource requirements;

- Commissioner to undertake the scoping and cross referencing of the lists of patients held by the 3 organisations to complete one single agreed list of those patients funded
- 2 Social workers released to undertake the reviews required of the patients
- 1 Community Psychiatric Nurse (CPN) to provide the clinical review (interim basis employed by SCC).

All resource has already been agreed and will be as Business as Usual so no additional costs.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Provider Negotiations		December 2018
Presentation of the first 5 case to the complex case panel following review		January 2019
Checkpoint meeting following first 5 reviews		January 2019
Review of projects success to inform next steps, if any		June 2019

**8. Risks and opportunities:**

The following risks have been highlighted with mitigation proposed;

Risk	Description	Mitigating actions
This programme of work may not release the savings outlined	It is unclear at present the level of savings that will be released by this process and so a true understanding of this will be identified as the reviews happen.	Fortnightly reviews of the project's success will be undertaken at the complex case panel. Progress will be monitored as part of the ASC MTFP board
Information governance and sharing of information	During this piece of work information on individuals placement/cost will need to be shared in order to enable the review to be undertaken	Ensure that only information which needs to be shared is appropriately shared. Patient Identifiers are removed and coding applied where the database needs to be shared outside the organisation.
Recruitment of CPN	To provide appropriate clinical challenge to the review process, a credible clinician needs to be part of the decision-making process – however recruitment of CPNs is a challenge.	There are a number of retired CPNs within the locality who will be approached to undertake this work on a temporary basis. If this is not successful alternative CPNs will be sought from existing partners.

**9. Dependencies:**

For this proposal to succeed Somerset County Council will need to work in close partnership and formerly acknowledge/manage dependencies with the following;

- NHS
- Clinical Commissioning Group
- Somerset Partnership Foundation Trust
- Provider Market

**10. Initial Equality Impact Assessment (EIA):**

Following consultation with the Equality Impact Manager it was agreed that an EIA was not required. The decision was made based on the fact there will no impact on customers and that this proposal is about recommissioning a new services model that would better meet individuals needs and is cost effective for the health and social care system.

**11. Consultation and Communications plan:**

Following discussions with the Consultation Manager it was agreed that Consultation was not required.

**12. Legal Implications:**

Following agreement from Somerset County Council's Senior Solicitor it was agreed that there would be no Legal implications as a result of this savings proposal.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£ 100,000	£	-£	£100,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£100,000</b>	<b>£</b>	<b>-£</b>	<b>£100,000</b>	

**13b. One-off project costs and income (not included in above):**

£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£

2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
TOTAL		£

## Proposal for Change: ASC1920-09 – Managing Demand / Reduction in placements in residential and nursing care

Corporate Plan Priority:	ASC1920-09
Service Area:	Adults
Director:	Stephen Chandler
Strategic Manager	Mel Lock
SAP Node	EHA

1. The proposal is to:	
<b>X</b>	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>Adult Services in Somerset work to support, promote and enhance strong communities in order that people can live their lives as successfully, safely and independently as possible.</p> <p>Maintaining independence makes people happier, healthier, and helps reduce the need for future services. We believe that people themselves are best placed to determine what help they need and what goals they wish to achieve. The Adult Social Care (ASC) strategy is about promoting individual's wellbeing and independence.</p> <p>The nationally and Somerset picture is that people are choosing to stay in their own homes for as long as possible resulting less people going into residential and nursing care. To support this preferred model of delivery the Somerset Home First model is predicated on supporting people to return home following a hospital admission.</p> <p>This proposal is aligned to the reduction we have seen in in placements in residential and nursing care and over the last few years and the continued change of approach within the ASC sector. The cultural change across ASC has already seen a reduction in bed-based care in 2017/18 that equated to a saving of 1.012m</p>



This was made up of a 1.8% reduction in Residential spend (£0.273m) and a 4.0% reduction in Nursing (£0.739m).

### **2018/19 Modelling**

For 2019/20 the proposal is to continue to reduce the necessary demand by again reducing spend by 6% across both nursing and residential therefore generating the £1,068,000 target that has been put forward. The approach will be the same followed for 2018/19 but with improvements following a review of the approach and discussions around how it could be improved.

As we have this year locality teams, hospital systems and Mental Health Teams will monitor their admissions to residential/nursing care on a weekly/monthly basis against the individual targets. This is monitored through the weekly performance report, monthly performance Improvement meeting and Medium Term Financial Plan delivery board.

### **2a. Confidence level**

100%

2018/19 work has provided evidence that a reduction in demand and therefore cost is viable for 2019/20.

### **3. Impact on residents, businesses and other organisations:**

No impact on residents, business or other organisations.

### **4. Impact on other services we provide:**

No impact on services currently provided by Somerset County Council.

### **5. Impact on staff:**

No staffing implications.

### **6. Resources and support needed to make the change:**

Will continue to monitor via weekly / monthly reports as Business as Usual.

### **7. Timescale to deliver and major milestones:**

**To include date of implementation, key decision points and governance meetings**

N.A - admissions to res/nursing care on a weekly/monthly basis against the individual targets. This is monitored through the weekly performance report, monthly performance Improvement meeting and MTFP delivery board.

### **8. Risks and opportunities:**

Have identified the following risks;

- Over supply of residential and nursing in the market, as we reduce the demand there is a risk of destabilising the market, but opportunity is different models for delivery so the market change.

### **9. Dependencies:**

No dependencies

**10. Initial Equality Impact Assessment:**

Following agreement from the Corporate Equalities Manager it was agreed that an Equalities Impact Assessment was not required.

**11. Consultation and Communications plan:**

Following agreement from the Consultation Manager it was agreed that an Consultation was not required.

**12. Legal Implications:**

Operational team will need clear and robust guidelines on how to identify the appropriate care package to ensure that each service user receives care consistent with their need and therefore that SCC has properly carried out the needs assessment (section 9 Care Act 2014) and determined whether any of the needs meet the eligibility criteria (section 13 Care Act 2014).

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
If no, when is the evidence expected?	N/A

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£1,068,000	£	-£	£1,068,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£1,068,000</b>	<b>£</b>	<b>-£</b>	<b>£1,068,000</b>	<b>Ongoing</b>

**13b. One-off project costs and income (not included in above):**

£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Proposal for Change: ASC1920-10 – Reduction of Independent Assessor support in the Deprivation of Liberty safeguards service

Corporate Plan Priority:	ASC1920-010
Service Area:	Adults
Director:	Stephen Chandler
Strategic Manager	Mel Lock (Lynn Stephens)
SAP Node	EHA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
x	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>The Deprivation of Liberty Safeguards (DoLS) require local authorities to carry out a prescribed set of assessments for people in care homes and hospitals who are not able to give consent to their care or treatment arrangements. Most often these are people who have dementia or a learning disability. The assessments require two assessors to consider different aspects of the person's situation, one being a doctor with mental health training, the other being a Best Interests Assessor (BIA), usually a social worker.</p> <p>Following a 2014 judgement in the Supreme Court (known as 'Cheshire West') the numbers of referrals for this type of assessment increased massively. (In Somerset from 100 in 2013/14 to 1200 in 2014/15 and 2400 in 2015/16) Local authority resources for this work have not been able to keep up with this increase. SCC, in common with many other local authorities has chosen to use independent BIAs to add to its own staffing capacity. Even with this kind of approach, most local authorities including Somerset are only able to carry out a proportion of the overall assessments in a limited number of cases. The Somerset DoLS team receive 40-50 referrals each week and has been able to allocate about 15 referrals for assessment. We therefore have a system for identifying the highest priority cases.</p>	

This proposal sets out to reduce reliance upon external independent Best Interest Assessors (BIAs) and ensure maximum effectiveness of our in-house assessors. SCC currently has a team of 6.4 whole time equivalents in house Best Interest Assessors but have used Independent Assessors to assist in managing demand. The service believes that it is possible to reconsider which assessments, we choose to prioritise, and this can reduce the need for assessment further. As we know the national picture is one of Council's being unable to fulfil demand for Deprivation of Liberty assessments following the change to practice after the Cheshire West judgement in 2014.

The estimated assessment totals in 2018/19 is expected to be 646 assessments and 290 of these would be undertaken by Independent assessors.

Assuming similar activity in 2019/20 through redesigning further the approach to prioritisation and assessments a £50,000 saving can be achieved through a reduction of 115 assessments by Independent Assessors from 290 to 175.

Our in-house assessors will constantly see to improve further effectiveness however with a robust reconsideration and risk management of applications we hope to reduce the activity required.

#### **2a. Confidence level**

100%

Reducing use of Independent BIAs is fully within Somerset County Council's control so confidence to achieve this is 100%.

The only factor that could impact upon reduction is if there is an unprecedented number of applications for people who are in the position to legally challenge the Council in relation to having an unlawful deprivation and Council unable to allocate in house resources to cover this eventuality. However, this is a significantly unlikely eventuality.

#### **3. Impact on residents, businesses and other organisations:**

Possible impact on those requiring assessments due to a reduction in capacity to complete Best Interest assessment demand through an amended prioritisation process in allocation of resources.

This could also mean assessments could take longer to be allocated although team would try to ensure those with highest risk are afforded priority. Those with an obvious element of objection would be prioritised to reduce risk of unlawful deprivation.

Impact on care providers that referrals made for their residents who are potentially being deprived of their liberty will not be acted on, therefore the providers will be unlawfully depriving some residents of their liberty. However, this is the current situation in many cases that are not prioritised.

**4. Impact on other services?**

Potential impact on Legal services with risk of additional challenges to unauthorised deprivation of liberties particularly in cases where families and individuals are unhappy about the arrangements made for them.

**5. Impact on staff:**

No risk to substantive Council posts.

Current in-house best interest assessors have work load audited to ensure they are working to full capacity consistent with current workloads due to reprioritisation of assessments.

**6. Resources and support needed to make the change:**

No additional resource requirement.

**7. Timescale to deliver and major milestones:**

**To include date of implementation, key decision points and governance meetings**

To be implemented at April 2019.

Revised prioritisation guidance to be developed by 2<sup>nd</sup> January 2019.

**8. Risks and opportunities:**

Increased risk of unlawful deprivations of liberty occurring as we further streamline the prioritisation process, this has legal costliness and insurance implications. However, the Council along with most councils nationally are currently working with this risk and has been since 2014. The unmanageability of the current system has been widely recognised nationally and new procedures are being planned for launch in 2019.

Mitigation is that DoLS service is only able to partially fulfil its statutory obligation with over 2000 outstanding DoLS applications, so we are currently managing this risk.

Risk of reducing our use of Independent BIAs is that if we provide them with insufficient assessment work they will find working for Somerset will no longer be financially viable for them and they may choose not to undertake any assessments for us. They are under no contractual obligation to Somerset County Council. Therefore, there is a potential risk of a more significant reduction in activity than we have anticipated.

**9. Dependencies:**

No dependencies

**10. Initial Equality Impact Assessment:**

Following conversations with the Corporate Equalities Manager it was agreed that an Equalities Impact Assessment was not required.

**11. Consultation and Communications plan:**

Following conversations with the Consultation Manager it was agreed that a Consultation process was not required.

**12. Legal Implications:**

The only factor that could impact upon reduction is if there is an unprecedented number of applications for people who are in the position to legally challenge the Council in relation to having an unlawful deprivation and Council unable to allocate in house resources to cover this eventuality. However, this is a significantly unlikely eventuality.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)? Yes

If no, when is the evidence expected? N/A

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£50,000	£	-£	£50,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£50,000</b>	<b>£</b>	<b>-£</b>	<b>£50,000</b>	Ongoing

**13b. One-off project costs and income (not included in above):**

£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

**Appendix E3 –  
Children’s Services  
Proposals for  
Change –  
For decision for 2019  
– 2022**

## Proposal for Change:

### Chil1920-01 Support for School Improvement

Corporate Plan Priority:	
Service Area:	Education
Director:	Julian Wooster
Strategic Manager	Dave Farrow
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
x	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>To use the School Improvement Monitoring and Brokering Grant (SIM&amp;B) to fund the salaries of the Primary School Improvement Advisers currently funded by the Local Authority (LA).</p> <p>The salary costs are £287,400. This value includes £67,000 savings identified as part Peopletoo's financial improvement plan that are included within a separate proforma, therefore net saving of £220,400.</p>	

2a. Confidence level	
<p>Salary costs of Primary School Improvement Team - 100%</p> <p>This transfers the salary costs of the Primary School Improvement Team from an LA budget to a grant received from the Department for Education (DfE).</p> <p>Should the grant cease these costs will need to be re-stated against an LA budget.</p>	



**3. Impact on residents, businesses and other organisations:**

None

**4. Impact on other services we provide:**

None

**5. Impact on staff:**

N/A

**6. Resources and support needed to make the change:**

Finance support required to ensure grant is allocated appropriately.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Grant allocated		1 April 2019

**8. Risks and opportunities:**

The DfE may cease the SIB&M grant in the future, however this would presumably be aligned to a change in LA responsibilities and therefore a cost reduction would also be expected.

**9. Dependencies:**

The grant is calculated annually based on the number of maintained schools in the LA at that time and there is no guarantee that the grant will continue indefinitely. If it ceases and the LA still has maintained schools and the existing statutory responsibilities related to those schools, the LA will need to ensure that funding is available to deliver those responsibilities.

**10. Initial Equality Impact Assessment:**

N/A

**11. Consultation and Communications plan:**

No

**12. Legal Implications:**

No legal implications – the terms of the Grant allow for staffing costs to be covered from it.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?					
Please note: these figures should be cumulative					
£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£220,400	£	-£	£220,400	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£220,400</b>	<b>£</b>	<b>-£</b>	<b>£220,400</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		£

## Proposal for Change:

### Chil1920-02 Reduction in Early Years Capital Programme Support

Corporate Plan Priority:	
Service Area:	Schools and Early Years Commissioning
Director:	Julian Wooster
Strategic Manager	Dave Farrow
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
Reduction in staffing capacity supporting Early Years (EY) capital programmes as a result of reduced capital programme for 2019/20 and potential cessation of capital grants to private providers.	
This reduction is linked to CAF12 Restructure of Early Years Teams developed as part of Medium Term Financial Plan (MTFP) proposals taken to Cabinet in September 2018.	

2a. Confidence level	
100%	£27,200 is 100% of costs but saving depends on level of reduction. £13,600 therefore added as a prudent figure

**3. Impact on residents, businesses and other organisations:**

By ceasing the Early Years Capital Programme there is a risk that there will be some areas of the county that will not have a sufficient number of early years places. This in turn may mean that some parents may not be able to work as childcare may not be available. We will work with private provider organisations to inform them of our needs, so they can develop provision in shortage areas. We will also continue to promote childminding as an opportunity for individuals to set up their own business.

**4. Impact on other services we provide:**

N/A

**5. Impact on staff:**

Proposals would be achieved through review of the staffing structure.

**6. Resources and support needed to make the change:**

HR support will be required to manage any redundancy process

**7. Timescale to deliver and major milestones:**

Milestone	Date
Where there are shortages of places will seek to increase numbers of childminders, this will form part of an annual review of supply against demand across the county.	31 <sup>st</sup> March 2019
The corporate timescale in relation to staff consultation highlighted will be followed.	

**8. Risks and opportunities:**

There is a risk that SCC may be challenged in relation to not meeting its duty in relation to ensuring an appropriate supply of early years places in an area. There has been no such challenge to date in areas where demand exceeds supply.

There are opportunities for us to work with larger childcare organisations for them to deliver places where they are needed and we will also continue to encourage individuals to become childminders in areas where there is a shortage of places.

Where there are shortages of places will seek to increase numbers of childminders.

**9. Dependencies:**

Dependency on decision in relation to the ceasing of Early Years Capital Programme

**10. Initial Equality Impact Assessment:**

Consideration has been given to the public-sector equality duty and a separate Equalities Impact Assessment has been completed to support this proposal.

**11. Consultation and Communications plan:**

Staff consultation is required.

There will be no public consultation undertaken as part of this proposal.

**12. Legal Implications:**

There is potentially a reduction in service provision (childcare places) therefore statutory duties to ensure an appropriate supply of early years places (under the Childcare Act 2016 and 2006) apply and relevant government guidance will be considered before any reduction occurs. It should be noted that statutory duties will become harder to meet if we are not able to develop provision through capital investment.

In developing this proposal, officers have adhered to statutory guidance on Early Education and Childcare and are satisfied that SCC will continue to be able to ensure sufficiency taking into account the seven factors mentioned in paragraph B1 of the guidance, in particular i) the state of the market and ii) the quality and capacity of childcare providers and childminders in the county.

Consideration has also been given to the public sector equality duty (especially in relation to SEND and vulnerable children).

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
If no, when is the evidence expected?	[Enter date]

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£13,600	£	-£	£13,600	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£13,600</b>	<b>£</b>	<b>-£</b>	<b>£13,600</b>	

**13b. One-off project costs and income (not included in above):**

£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£

	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

# Somerset Equality Impact Assessment

Organisation prepared for	Somerset County Council		
Version	V1.0	Date Completed	
Description of what is being impact assessed			
<p><b>Ceasing of Early Years Capital Programme for 2019/20.</b>                  This impact is being assessed as part of reduction in staffing capacity supporting Early Years (EY) capital programmes as a result of reduced capital programme for 2019/20 and potential cessation of capital grants to private provider.                  The Capital programme supported the delivery of universal early years and childcare places and was not specifically focussed on any protected groups.</p>			
Evidence			
What data/information have you used to assess how this policy/service might impact on protected groups?			
<p>SCC holds details of numbers of children entitled to Early Years funding.</p>			
Who have you consulted with to assess possible impact on protected groups?			
<p>The Capital programme supported the delivery of universal early years and childcare places and was not specifically focussed on any protected groups. The Early Years Capital programme has been ongoing for a number of years but has been reduced significantly over the past few years.</p>			

Analysis of impact on protected groups				
Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	There is a possible indirect impact on children aged 0-5 years and their families in that the Local Authority may not be able to ensure that there are enough childcare places in some areas of the County.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	There is a possible indirect impact on children aged 0-5 years that have a disability and their families in that the Local Authority may not be able to ensure that there are enough childcare places in some areas of the County. This may for example result in private providers not taking the necessary steps to make reasonable adjustments to settings to support disabled children to attend early years settings.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	• There are no impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage and civil partnership	• There are no impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	• There are no impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race and ethnicity	There are potential cost implications as increasing demand for childcare places exceed supply leading to providers increasing costs which could potentially adversely affecting those from BME who are more likely on a lower income.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion or belief	• •There are no impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



<b>Sex</b>	• There are potential cost implications for working single parent families, and the likelihood that this is more likely to affect women as they are more likely to be the primary care provider.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Sexual orientation</b>	. • There are no impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	There may be an indirect negative impact on low income families as increasing demand for childcare places exceeds supply leading to providers increasing costs, this could result in those on low incomes not being able to access the childcare places to enable them to work.  There could potentially be an impact on those affected by rurality where there may be insufficient strength in the childcare market to generate additional space where required without funding from the local authority.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Negative outcomes action plan</b>				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
The LA will monitor the requirements for early years places across the County to identify potential areas of shortfall in sufficiency and inform private provider organisations to seek expressions of interest in developing provision in those areas	31/10/2018	Alison Jeffrey	Through ongoing performance management arrangement and the annual reviews of the Early Years	<input type="checkbox"/>

			and Schools Infrastructure Growth Plan	
The LA will ensure that where it is identified that new building developments will result in the requirement for additional early years provision in an area we will seek to ensure that appropriate Section 106/Community Infrastructure Levy funding is secured to enable the development of the necessary provision	31/10/2018	Alison Jeffrey	Through ongoing performance management arrangements	<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
We cannot totally remove the impact that the implementation of this proposal will have on employees but the actions will ensure employees are aware of the support and options available to them.				
<b>Completed by:</b>	<b>Dave Farrow</b>			
<b>Date</b>	<b>21/11/2018</b>			
<b>Signed off by:</b>	<b>Dave Farrow</b>			
<b>Date</b>	<b>21/11/2018</b>			
<b>Equality Lead/Manager sign off date:</b>	<b>Tom Rutland 04/12</b>			
<b>To be reviewed by: (officer name)</b>				
<b>Review date:</b>				

## Proposal for Change: Chil1920-03 CSC realignment savings

Corporate Plan Priority:	
Service Area:	Children's Services
Director:	Julian Wooster
Strategic Manager	Paul Shallcross
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
The proposal aims to re-align social work services within the county around an East / West split, with the aim of improving the quality of practice, supporting the journey to a 'Good' Ofsted rating and realising year on year savings in the region of 500k.

2a. Confidence level
90%
A significant proportion of the savings stem from deleting posts which are not currently recruited to. The remainder of the proposed savings have been thoroughly scrutinised by the Children's Social Care Senior Management Team and are felt to be robust and achievable with no impact on service provision.

3. Impact on residents, businesses and other organisations:
The proposal is aimed to improve the efficiency of the provision of Social Work services and as such will benefit the users of these services. Bringing the East and West of the county under the management of one Strategic Manager will improve the flow of work between community and Children Looked After (CLA) services and will support relationship-based practice with children and families.
Multi-agency partners within Somerset will not be negatively impacted by the proposed changes

**4. Impact on other services we provide:**

None identified.

**5. Impact on staff:**

A number of posts will be deleted from the service and as such this will impact on a number of staff members.

Within the total number of posts lost, 5 are not currently filled

*The number of FTE that might be lost is:*   
*The number of posts that might be lost is:*

**6. Resources and support needed to make the change:**

Support will be needed from HR and finance in implementing the proposal and managing consultation processes.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
	New structure to be in place by	01/04/2019

**8. Risks and opportunities:**

Risks – uncertainty around the proposal may cause short term anxiety and worry amongst the existing management group. This may result in managers leaving the organisation.

Deletion of the Next Steps Team Manager post may impact on the capacity of the organisation to recruit to Newly Qualified Social Workers (NQSW) posts in the future. This is mitigated by an increase in the number of Consultant Social Worker (CSWs) for NQSWs

Opportunities – the re-aligned structure will support more effective and efficient working across areas and reduce ‘silo’ working. The new structure will also support future work which will look to reduce the number of transitions for children and families within the system, supporting the development of relationship-based practice.

**9. Dependencies:**

None identified.

**10. Initial Equality Impact Assessment:**

No – as the proposal does not affect service delivery, an equality impact assessment is not required.

**11. Consultation and Communications plan:**

Yes – a 45-day staff consultation is planned to take place prior to the end of December 2018.

Communications will take place via the usual internal channels and via 1:1 meetings with affected staff.

**12. Legal Implications:**

In developing this proposal officers are satisfied that the effect of this proposal will not cause the Local Authority (LA) to fail to meet its statutory duties to ensure and promote children's safety and welfare. Any legal implications of proposed staffing changes will be identified and addressed within the HR business case.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)? Yes - salaries

If no, when is the evidence expected?

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£573,400	£	-£	£573,400	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£573,400</b>	<b>£</b>	<b>-£</b>	<b>£573,400</b>	

**13b. One-off project costs and income (not included in above):**

£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Proposal for Change: Chil1920-04 Children's Staffing Vacancies

Corporate Plan Priority:	
Service Area:	Children's Services
Director:	Julian Wooster
Assistant Director	Claire Winter
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>The proposal is for a one year saving (2019/20) of £775,300 in social work staffing costs.</p> <p>Recruitment of permanent social workers remains a challenge with 47 vacancies across Children's Social Care currently. A number of posts have been vacant with neither permanent or locum staff filling them for over 12 months. This proposal equates to not recruiting to a number of these vacant posts.</p>	

2a. Confidence level	
	<p>90%</p> <p>Case numbers continue to reduce slowly, and further partnership work may reduce this further.</p> <p>There is a risk that case numbers will increase unexpectedly. Were this to occur it is likely that locum social workers would need to be recruited at higher cost for a period while longer term trends and impacts are assessed.</p>

**3. Impact on residents, businesses and other organisations:**

Communities and partners can be empowered to support families at an early stage reducing the need for specialist social work services. This is current practice but is slow to develop effectively with some partners struggling to understand their early help role.

**4. Impact on other services we provide:**

No.

**5. Impact on staff:**

No staff impact as these are vacant posts and the proposal is for a one year saving only.

**6. Resources and support needed to make the change:**

None

**7. Timescale to deliver and major milestones:**

	Milestone	Date
No milestones as plan is to reduce budget for one year – full year effect - from vacant posts		

**8. Risks and opportunities:**

Risks – that social work referrals increase unexpectedly, and current FTE cannot cope with demand, leaving children potentially at risk.

Opportunities – to work with partners and communities to enable them to identify concerns early and address them locally.

**9. Dependencies:****10. Initial Equality Impact Assessment:**

No

**11. Consultation and Communications plan:**

No.

**12. Legal Implications:**

In developing this proposal officers are satisfied that the effect of this proposal will not cause the Local Authority (LA) to fail to meet its statutory duties to ensure and promote children's safety and welfare.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?	
---------------------------------------	--

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£775,300	£	-£	£775,300	One-off
2020/21	-£775,300	£	-£	-£775,300	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£775,300</b>	<b>£</b>	<b>-£</b>	<b>£775,300</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>



## Proposal for Change: Chil1920-05 Early Years Entitlements

Corporate Plan Priority:	Chil1920-05
Service Area:	Inclusion Group
Director:	Annette Perrington
Strategic Manager	Phil Curd
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>The proposed change is in relation to the processing of payments of the Early Years entitlement and funding for 2 years olds including the extended entitlement paid to early years providers. The saving will come from the reduction of a single post.</p> <p>Currently, the Admissions and Entitlements Team process estimates (paying 90% of each claim) to early years providers followed by actual forms which pay the remainder and adjustments which capture any changes (starters and leavers) for early years providers. The adjustments process is non-statutory and many other Local Authorities (LA) do not operate the opportunity for adjustments. The payment process as outlined runs for 3 funding periods in a year. The LA is paid based on the Early Years census in January so is not funded for children accessing the entitlement post census.</p> <p>Adjustments are paid in arrears therefore to cease this support by the end of March 2019 Early Years settings would need to be notified of the change by Christmas.</p> <p>Recognising that removing this will provide a challenge to providers it is proposed that a request is taken to Schools Forum Early Years subgroup in January 2019 seeking funding to support a post at the cost of approximately £20,000 from April</p>	

2019-March 2020 to limit disruption to Early Years settings from the ceasing of this activity. It is expected that School Forum will support this request.

Assuming School forum agree to fund this post until March 2020 the proposal would subsequently remove the post from 1<sup>st</sup> April 2020 therefore, making it an ongoing saving.

The saving, to include salary and on costs is approximately is £20,000.

Other advantages include:

- The settings should get a higher hourly rate as we will not be paying for hours the LA has not been paid for;
- Statistical information will be available by the time the term finishes rather than currently when the earliest it is available is the following half term; this will aid finance colleagues;
- We will not have the high volume of data issues that Core Data/Entitlements/Application Support need to resolve because claims are being submitted after a child has left the setting. This would save the LA time and data on Capita will be more accurate;
- It will save Core Data time as they will not have to clear suspense from the Adjustments;
- Entitlements team can request claim information earlier which means they should be able to complete Early Years census by the deadline without having to work the significant number of additional hours they do currently for census.

#### **2a. Confidence level**

75%

Confidence level reduced due to reliance on School Forum. If School Forum reject this proposal the removal of the post will take place from July 2019.

#### **3. Impact on residents, businesses and other organisations:**

Disadvantages for Early Years providers and parents from removing this post immediately are outlined below;

1. By funding this role for 12 months Schools Forum will be able to support SCC in minimising the disruption from these changes
2. It would remove the flexibility that allows parents to move settings part way through a term;
3. Funded 2 years who are awarded funding part way through the term will probably have to wait to access a space until the start of the following term;
4. If settings don't send in the appropriate documentation with their claim/claim appropriately/complete a 30 hours check, there will be no opportunity for them to claim later using an adjustment form therefore they will not be paid. This has the potential for more complaints and could potentially lead to sustainability issues/closures of settings. However, it is settings responsibility to comply with the requirements of Provider agreement and they are sent clear instructions by the team in advance so there should be no reason for settings to lose money;
5. When children overclaim at multiple settings neither provider will be able to amend their claim (on the summer actual claim, there were nearly 200 children

that overclaimed their hours); there is no action that can be taken to mitigate against this.

- Settings will need support to amend their policies to reflect the change. The Entitlements and Early Years Team will continue to support settings as capacity allows.

**4. Impact on other services we provide:**

As above. Once the post is permanently removed in April 2020 there will be a reduction in work for the Core Data Team.

**5. Impact on staff:**

Proposals would be achieved through review of the staffing structure.

**6. Resources and support needed to make the change:**

It is likely that support will be required from HR around any staffing changes required.

**7. Timescale to deliver and major milestones**

	Milestone	Date
	Inform Early Year settings	By end of Autumn Term 2018 or by March 2019
	Schools Forum Decision to fund role for 1 year	16 January 2019

**8. Risks and opportunities:**

The risks for 1 & 2: The Local Authority has a statutory duty to secure a free place offering 570 hours a year over no fewer than 38 weeks of the year for all 3 & 4 year olds, including new starters and eligible 2 year olds. Families of eligible 2 year olds are the most economically disadvantaged in Somerset.

Recognising this the proposal is for Early Years sub group to extend the processing of adjustments for another financial year by agreeing to fund a post from their current DSG surplus

**9. Dependencies:**

No dependencies

**10. Initial Equality Impact Assessment:**

Agreement with the Corporate Equalities Manager that an Equalities Impact Assessment is not required.

**11. Consultation and Communications plan:**

There is no legal requirement to consult with Early Year providers however the team will communicate the change as soon as possible, providing advice and guidance immediately and on an ongoing basis.

Assuming the Early Year subgroup agrees to fund the post for another year, it will give the team chance to review processes properly and prepare settings for the change which could include organised events.

**12. Legal Implications:**

Under the Childcare Act (2006), SCC has a duty to secure sufficient childcare places for working parents (s6) and to secure early years provision free of charge (s7). The potential impact on SCC's ability to meet this duty must therefore be considered.

The statutory guidance states that SCC **should** ensure that providers are treated in an equitable way and that the proper use of funding does not place undue administrative burdens on them. SCC **should** be mindful of the concerns of smaller providers (re. their cashflow) when making decisions about payment methods. SCC **should** regularly review how they pay providers to ensure that it continues to meet the needs of all providers in their area. **As far as reasonably practicable**, SCC **should** ensure that eligible children who move into the area are able to take up their place at any time. SCC are not required to secure additional free hours (extended entitlement) where the parent has applied after the set deadlines.

SCC **must** be clear with providers on their policy in relation to how a child will be funded if they take up their place outside of any regular headcount or if they choose to change providers during the term. SCC **should** encourage providers to work together in this regard. Consideration should therefore be given to these requirements when amending the Provider Agreement and steps must be taken to ensure that the changes are clearly communicated.

The Provider Agreement will need to be amended in line with the above. The Agreement cannot be amended unilaterally (unless to reflect legislative changes). Any changes will therefore need to be made to the 2019-2020 Agreement before any Providers sign up for the 2019-2020 entitlement.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
If no, when is the evidence expected?	N/A

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£20,000	£	-£	£20,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£20,000</b>	<b>£</b>	<b>-£</b>	<b>£20,000</b>	<b>Ongoing</b>

**13b. One-off project costs and income (not included in above):**

£s		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£

	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

## Proposal for Change:

### Chil1920-06 Reduce the cost of providing transport to specialist provision

Corporate Plan Priority:	Childrens 1920 – 06 (CAF 10b)
Service Area:	Inclusion – School Transport
Director:	Julian Wooster
Strategic Manager	Annette Perrington
SAP Node	

1. The proposal is to:	
√	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
√	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
√	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
√	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>Building on the 18/19 proposal (CAF 10a) this proposal coordinates the activity which links the strategic Capital investment programme to children and young people attending their nearest appropriate specialist resource base, school / college. Children and young people attending specialist resource base or special school provision all have an education, Health and Care plan (EHCP)</p> <p>The Children and Families Act 2014 requires the Local Authority (LA) to consider any school provision requested by parents. This is known as parental preference. The Local Authority will also consider the nearest appropriate provision. Final decisions are determined on individual circumstances which take into account the appropriateness of the school / setting to meet the child's SEND (Special Educational Needs and Disabilities) needs and the most efficient use of resources. The final decisions must be named in the EHCP and once named this is legally binding upon both the LA and School setting. Before a school can be named the LA must consult with a school and consider any responses. The LA can in most cases overrule the school / setting where they are in receipt of state funding. The LA can also disagree with the parent and name a school/ setting of LA choice, however this could be subject to further challenge via Tribunal, which in turn could</p>

have further financial implications on the High Needs and Local Authority travel budgets. In order to ensure efficient use of resources case workers should take into account travel time, distance and cost. Children and young people have an annual review of their Education, health and Care plan. This will also apply to all new EHCP's.

Key stage transfers occur nationally at the end of Year 6, end of Year 11. These transitions should be undertaken in the year proceeding transfer to support effective and successful transfer to a new school with parents/ carers and young people at the point of their annual review. Such points of transition provide an opportunity for existing school placements and travel arrangements to be reviewed and for savings to be made where previous school placements may not be the nearest appropriate.

In line with National trend the demand for places in specialist provision continues to increase. This is exacerbated by the Children and Families Act 2014, which increased the age up to which young people with SEND may have an EHCP to 25. Children and young people can also attend local mainstream schools and colleges, where children and young people are over statutory walking distances where a school has been named in their EHCP this also requires consideration of travel eligibility and the same criteria as above apply.

Children and Young People who need specialist provision often must travel to receive this, and where this isn't available or of a good quality parents will often request specialist independent provision. To offset demand a large capital investment programme has been implemented in Somerset since 2016 to make sure that children and young people are placed as close to home as possible. Work is underway to mitigate this increase by ensuring there is sufficient capacity to meet needs locally and ensuring information, advice and guidance and SEND casework is robust and effectively manages parental expectation from an early stage. In addition to this, Somerset County Council has adopted the use of (personal Travel Payments (PTPs)). These are offered to all parents of children that would otherwise have to be transported individually in a taxi.

Additional risks include market variances and whilst we are making best use of internal fleets but remain vulnerable to the commercial market, where costs have risen sharply in recent years. Under this proposal we intend to limit our call on the market for the number of individual journeys we require. This can be supported by placing children in their nearest appropriate provision, so they can be transported in groups.

This is a statutory duty and must be fulfilled. The policy has been revised to reduce the offer to a statutory minimum.

Key aspects of the proposal to achieve the identified saving are as follows. Improvements in practice will lead to outcomes 1 and 2 below, and the increase in capacity will lead to SEND placements being made more locally with a corresponding reduction in costs:

1. Cost avoidance through SEND Placements – moving 25% of the cohort of children identified as relevant for this proposal to schools closer to their homes address.
2. Improvement in case work through challenge provided at panels.
3. Developing capacity in special schools from September 2019 resulting in 25 new starts.

**2a. Confidence level**

75%

Each case must be considered on individual circumstances and in conjunction with the young person and parent/ carers. In some circumstances such a change may be difficult to achieve. Risks include parental resistance and challenge, delayed building programmes and impact upon multiple travel opportunities.

**3. Impact on residents, businesses and other organisations:**

This would impact on children and parent/carers where they are not attending their nearest appropriate school and where transition is required. However, as the service user has the option to decline a change then there is no impact unless the local authority disagrees, which carries the additional risk of appeal.

**4. Impact on other services we provide:**

This change is an improvement on current working practices only.

**5. Impact on staff:**

N/A

**6. Resources and support needed to make the change:**

This work will require coordination between the SEND Casework Team and officers in Transporting Somerset. This change to existing working practices has begun but requires continued monitoring and nurturing to ensure these relationships are robust and effective.

**7. Timescale to deliver and major milestones:**

Identify all children that could be moved to provision closer to home	Already undertaken
Identify the next suitable transition point for those children	Ongoing
Commence relocation conversations during the next available appropriate annual review	Ongoing
Move children to the nearest appropriate provision	Ongoing



**8. Risks and opportunities:**

There is a risk of reputational damage to the LA and additional challenge where children and young people and / or their parents differ in their views of the most appropriate specialist provision.

Where such challenges proceed to the possibility of a tribunal, the LA will have to consider further each case as determined by case law precedence.

**9. Dependencies:**

This proposal is dependent upon Ofsted inspections of special schools, where any special school which moves into a category is likely to impact upon parental confidence for their child to attend

**10. Initial Equality Impact Assessment:**

All children identified will be considered to have a disability under the 2010 Equality Act. Some parents may also have disabilities under the Equality Act and should have reasonable adjustments considered as part of individual circumstances.

**11. Consultation and Communications plan:**

All conversations would be undertaken on a case by case basis. There is no need for any public consultation exercise.

**12. Legal Implications:**

Any SEND Casework activity will have to be undertaken in accordance with the relevant Code of Practice. The risk relating to tribunal have been outlined in sections 2a and 8.

**13a. Financial Implications – net change to service budget in each year:**

Are the savings evidenced based?				Yes	
If no, when is evidence expected?					
Please note: these figures should be cumulative (as per the approach for MTFP and savings)					
£s	Savings	Income	Growth/Costs	Total	Ongoing or One-off?
2019/20	£98,325	£	-£	£98,325	ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
Total	£98,325	£	-£	£98,325	

**13b. One off project costs and income (not included in above):**

£s		
2018/19	Capital Costs	-£
	Capital Receipts	£

	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<i>2019/20</i>	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<i>2020/21</i>	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

Appendix E4a -  
Corporate Services  
Proposals for  
Change -  
Requiring  
Consultation for  
2019 - 2022

## Proposal for Change:

### CORP1920-07 Restructure of HR Admin and Payroll Service

Corporate Plan Priority:	Corp1920-07
Service Area:	HR Services
Director:	Chris Squire
Strategic Manager	Rachel Ellins
SAP Node	EIHA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
Proposed savings of £95,000 in 2019/20 and a further £9,200 in 2020/21 through a restructure of HR Admin and Payroll Services to reflect the service needs due to a changing customer base, mainly due to Academy Schools and the implementation of electronic processes which have brought efficiencies.

2a. Confidence level
100%
We have already seen a reduction in staff numbers from the processes already implemented and are confident that the ongoing work will achieve the further savings.

**3. Impact on residents, businesses and other organisations:**

N/A

**4. Impact on other services we provide:**

HR support required as some employees may end up with salary protection or redundancy, although it is thought most of the latter can be managed by voluntary redundancy.

**5. Impact on staff:**

It is anticipated that there will be a small reduction in staff numbers. This will be achieved via removal of vacant positions, voluntary redundancies and consideration of flexible working requests where possible. A restructure exercise will be required.

There will be some additional changes, due to revised Job Assignments, that may result in protection for some employees and some opportunities for others to increase their grade. There are also some changes of hours that will result in savings overall.

A change in the way Job Evaluation (JE) is managed may release additional savings but this is unlikely to be known until sometime in December or possibly the new year.

*The number of FTE that might be lost is: TBC*  
*The number of posts that might be lost is: TBC*

**6. Resources and support needed to make the change:**

HR to support consultation. Kerry Diamond already informed of the need for support.

**7. Timescale to deliver and major milestones:**

Start of staff consultation	November 2018
Other HR activities	December – March 2019
Implementation	April 2019 and July 2019

**8. Risks and opportunities:**

- Negative impact on staff morale/engagement.
- Over estimation of savings that can be realised resulting in detriment to service delivery

**9. Dependencies:**

N/A

**10. Initial Equality Impact Assessment:**

N/A

<b>11. Consultation and Communications plan:</b>
Staff and trade union discussion as part of wider consultation
<b>12. Legal Implications:</b>
N/A

<b>13a. Financial Implications – net change to service budget in each year:</b>					
Are the savings evidenced based?				Yes, options have been costed by Finance but final structure still to be finalised.	
If no, when is evidence expected?					
Please note: these figures should be cumulative (as per the approach for MTFP and savings)					
<i>£'s</i>	<i>Savings</i>	<i>Income</i>	<i>Growth/Costs</i>	<i>Total</i>	<i>Ongoing or One-off?</i>
2019/20	£	£	-£	£95,000	Ongoing
2020/21	£	£	-£	£9,200	Ongoing
<i>Total</i>	£	£	-£	£104,200	Ongoing

<b>13b. One off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2018/19	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£0</b>

## Proposal for Change: Corp 1920 – 12 Corporate Affairs Restructure

Corporate Plan Priority:	CORP1920-12
Service Area:	ICT and Commercial & Procurement
Director:	Simon Clifford
Strategic Manager	Claire Griffiths/Andy Kennell
SAP Node	EIE / EII

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture ... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>The Commercial and Procurement (C&amp;P) team and the ICT team sit within Corporate Affairs. This paper sets out proposals to restructure these services, merging functions where there are natural alignments within teams, aligning resources to corporate priorities, streamlining management functions and ensuring the structures are fit for future purpose. In addition, the C&amp;P restructure will provide clarity of the team's role, re-orientating resources to have a more commercial focus, where appropriate, removing any legacy elements in the current structure. At the same time the restructure will deliver efficiency savings, reducing both the C&amp;P and ICT departments' baseline budgets.</p> <p>Budget savings can only be secured if further income is generated, staffing costs are apportioned to other budget lines, staff opt to work less hours/take unpaid leave or staff numbers reduce with associated activities declining or stopped. All the above options continue to be explored.</p> <p>Staffing occupies the largest proportion of the C&amp;P department's baseline budget costs and therefore the savings outlined in this paper are derived from a proposed</p>	

restructure. ICT has a 50/50 split between staff and contract costs, throughout 2018/19 savings have been made by reducing vacancies and optimising contract spend, which has avoided any reduction in permanent staff. With the further requirement for savings ICT is now focusing on making efficiencies by merging teams and reducing the management layer.

This will deliver proposed savings of £690,000 between 2019 and 2020.

Both of the above restructures will also link in to the Customers and Communities proposed saving of £500,000 which also identifies as part of the overall Corporate £3,262,900 projected saving for MTFP 2019/20.

## **2a. Confidence level**

85%

A detailed proposed structure for C&P is in place and the detail has been worked through for ICT. However, any proposals are subject to the outcomes of staff consultation.

In addition, due to the potential for collective consultation and subject to an agreed date of commencement of the process, the new structure is likely to be in place late in May, rather than by 1 April 2019 so will not deliver quite a full in-year effect, 10 months as opposed to 12.

## **3. Impact on residents, businesses and other organisations:**

There will be no impact on resident, businesses and or other organisations.

## **4. Impact on other services we provide:**

Reduced resource across the service will impact on service levels, speed of response and ability to respond to major incidents, particularly in the ICT Service.

## **5. Impact on staff:**

The principles of a proposed approach include;

- Rationalisation of management roles across the Directorate
- Alignment of procurement functions to corporate priorities
- Removing legacy structures in C&P and duplication of tasks with operations
- Focus on commercial activities
- Integrating functions within ICT to form two teams - an Operational and Transformation team
- The ICT restructure will introduce standard change delivery (TSR) as part of the Operations function and separate the Transformational shift to align more closely with Customers

As the outcomes of consultation and potential competency-based interviews for ring-fenced roles cannot be determined at this stage, the number of FTE's is not yet quantifiable.

*The number of posts that might be lost is:*



**6. Resources and support needed to make the change:**

As with all restructures the support and advice of HR is essential throughout the process.

**7. Timescale to deliver and major milestones:**

Detailed restructure agreed at Corporate Affairs SLT Monday	19 November 2018
Collective consultation	December 2018 – February 2019
Anticipated end of consultation	Late February 2019
New structure in place	Late May 2019
Full effect of savings from	1st June 2019

**8. Risks and opportunities:**

As with the MTFP2 proposed restructure for C&P and ICT, future workload demand will need to be closely managed with each lead Commissioner to ensure additional commissioning demands against the revised team structure can flex or increase to accommodate and ensure delivery of requirements and reduce service risks.

**Risks**

- Reduced levels of service delivery as a result of the reduction in resources
- Delayed consultation will impact of 19/20 in year savings

**Mitigation**

- Prioritisation of workload focussed on organisation priorities and clearly published commissioning intentions
- Closely managed future workload through workload tracking/plans.

However, this restructure is an opportunity to introduce more efficient ways of working, maximising the opportunity for synergies across the Directorate.

**9. Dependencies:**

The outcome is subject to an internal consultation process with the effected teams and unions. At this formed part of the overall collective consultation of 45 days which started on the 29<sup>th</sup> November.

**10. Initial Equality Impact Assessment:**

Equalities Impact Assessment will be incorporated into the HR Business case.

**11. Consultation and Communications plan:**

A staff and union consultation will be undertaken. This will adhere to the agreed internal process, including staff briefings and 1-2-1's with potentially effected staff.

**12. Legal Implications:**

Legal have identified the need for an EIA to be completed which will form part of the HR Business Case

In regard to ICT need to be aware that the Applications team supports business critical applications that enable statutory functions, this function could be reduced but not stopped.

**13a. Financial Savings – net change to service budget in each year:**

Please note that there is a £220,000 CRF dependency for 2019/20 which will be reviewed annually. However, the overall total (£690,000) will remain ongoing as the 2020/21 shortfall as a result of the £220,000 being a one-off will be mitigated by Phase 2/3 of the restructure.

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£645,000	£	-£	£645,000	ongoing
2020/21	£45,000	£	-£	£45,000	ongoing
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£690,000</b>	<b>£</b>	<b>-£</b>	<b>£690,000</b>	ongoing

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

Appendix E4b -  
Corporate Services  
Proposals for  
Change -  
For decision for  
2019 - 2022

## Proposal for Change: Corp1920-01 Pathway to Employment Budget Reductions

Corporate Plan Priority:	Corp1920-01
Service Area:	Organisational Development, HR/OD
Director:	Chris Squire
Strategic Manager	Clive Mallon (Service Manager)
SAP Node	EIHA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>The Human Resource/Organisation Development Service (HROD) has a £201,500 annual budget to run the Pathway to Employment Scheme. The scheme, which has been in existence for the past five years, aims to boost the employability of those not in Employment, Education or Training (NEET), vulnerable/disadvantaged young people within Somerset, such as Care Leavers or those with a disability.</p> <p>A number of initiatives fall within the scheme, initiatives include;</p> <ul style="list-style-type: none"> <li>• Work Experience (both at SCC and partner organisations)</li> <li>• Employability and Training weeks</li> <li>• Internships</li> <li>• Paid work or Apprenticeships (both at SCC and partner organisations)</li> <li>• Bespoke employability programmes with partner organisations, such as Skanska and Viridor.</li> <li>• Taster weeks; where individuals can try a number of vocations</li> <li>• Education and training programmes</li> </ul>	

Only one of the above initiatives is negatively impacted by the proposed budget reductions; paid work or apprenticeships within SCC. Traditionally services have acted as hosts to referred young people in short to medium term fixed term contracts and apprenticeships. Approximately eight people per year are supported within this initiative.

This proposal is to greatly reduce the Pathway to Employment scheme budget to £10,000 per year. Releasing all but £10,000 of uncommitted budget in 2019/20 provides a saving of £115,000. In 2020/21 a further £76,500 can be offered as a saving.

The retention of a small annual budget, of £10,000, allows for certain work (some of the other bullet points listed above) to continue to take place; such as the annual Care Leaver Employability Programme at Pinkery Resource Centre – these are ‘low-cost, high-impact’ programmes, without a budget these couldn’t happen.

HR/OD will take the opportunity to redesign the scheme including alternative funding arrangements to maximise the scope of support that can be offered from 2019/20.

#### **2a. Confidence level**

100 %

Very few people have access to spend against the budget, an immediate stop can be put on spend meaning the saving is guaranteed.

#### **3. Impact on residents, businesses and other organisations:**

There is limited impact. All those currently on paid placements within SCC will be supported to complete their various opportunities. The impact of this budget reduction is that no new referrals can be made for those people that would be deemed as ready for a paid internal opportunity, supported by the scheme. Organisational Development (OD) will need to redesign the scheme and consider alternative funding arrangements to maximise the scope of support that can be offered from 2019/20.

Please note that the people ‘supported’ mentioned above only relates to those that would have had paid employment directly with SCC. Those that are put forward for partners schemes, such as the Skanska Work Experience/Apprentice Programme are not impacted. SCC can still be a viable employer for people from vulnerable/disadvantaged backgrounds, the only difference being is that host services will need to use their own budget to fund roles rather than receiving money from the Pathway to Employment budget.

#### **4. Impact on other services we provide:**

The impacts are minimal; the scheme has paid the salary of individuals in roles which have been used to support corporate meetings/initiatives, such as the Young People’s Champions roles – if these are to continue beyond the current commitments the service will need to fund.

Service areas that have traditionally recruited people from the Pathway to Employment 'pool' are making plans as to how they can continue to recruit without having the financial assistance from the scheme. The service areas are positive that there are alternative arrangements that can be made to have little-to-no impact on future recruitment.

**5. Impact on staff:**

None (all current roles being supported will continue to the end of their contracts).

**6. Resources and support needed to make the change:**

No resources required to support this change.

**7. Timescale to deliver and major milestones:**

Confirmation of the decision being approved	December
Communication to regular supporters of the scheme	December
Communication to those that have ability to spend against the budget (confined to OD)	Immediately following above milestone.

**8. Risks and opportunities:**

Risks are minimal. We have the opportunity to reimagine the scheme and what support it can offer those groups traditionally referred.

**9. Dependencies:**

Not applicable.

**10. Initial Equality Impact Assessment:**

Impact assessment produced and reviewed by Equalities Manager.

**11. Consultation and Communications plan:**

Not required.

**12. Legal Implications:**

Not required.

<b>13a. Financial Savings – net change to service budget in each year:</b>					
Are the savings evidenced based (evidence should be included with this template)?					Yes
If no, when is the evidence expected?					N/A
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£115,000	£	-£	£115,000	Ongoing
2020/21	£76,500	£	-£	£76,500	Ongoing
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£191,500</b>	<b>£</b>	<b>-£</b>	<b>£191,500</b>	<b>Ongoing</b>

<b>13b. One-off project costs and income (not included in above):</b>		
£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

# Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer

<b>Organisation prepared for</b>	<b>Somerset County Council</b>		
<b>Version</b>	<b>V1</b>	<b>Date Completed</b>	<b>15/11/18</b>

## Decision within the Proposal for Change to reduce Somerset County Council’s (SCC) Pathway to Employment budget (from £201.5k to £10k) - Corp1920-01

Human Resources and Organisational Development (HR/OD) has a £201.5k annual budget to run the Pathway to Employment Scheme. The scheme, which has been in existence for the past five years, aims to boost the employability of NEET (Not in Employment, Education or Training) vulnerable/disadvantaged young people (generally between the ages of 16-24) within Somerset, such as Care Leavers or those with a disability. A number of initiatives fall within the scheme, initiatives include;

- Work Experience (both at SCC and partner organisations)
- Employability and Training weeks
- Internships
- Paid work or Apprenticeships (both at SCC and partner organisations)
- Bespoke employability programmes with partner organisations, such as Skanska and Viridor.
- ‘Taster’ weeks, where individuals can try a number of vocations
- Education and training programmes

Only one of the above initiatives is negatively impacted by the proposed budget reductions; paid work or apprenticeships within SCC. Traditionally services have acted as hosts to referred young people in short to medium term fixed term contracts and apprenticeships. Approximately eight people per year are supported within this initiative.



This proposal is to greatly reduce the Pathway to Employment scheme budget to £10k per year. Releasing all but £10k of uncommitted budget in 19/20 provides a saving of 115k. In 20/21 a further £76.5k can be offered as a saving.

All those currently on paid placements within SCC will be supported to complete their various opportunities. The impact of this budget reduction is that no new referrals can be made for those people that would be deemed as ready for a paid internal opportunity, supported by the scheme.

The other initiatives which fall within the scope of the scheme remain largely unaffected. SCC can still be a viable employer for people from vulnerable/disadvantaged backgrounds, the only difference being is that host services will need to use their own budget to fund roles rather than receiving money from the Pathway to Employment budget.

The retention of a small annual budget allows for certain 'low-cost, high-impact' programmes to continue - without a budget these couldn't happen.

HR/OD will need to redesign the scheme and consider alternative funding arrangements (such as bidding for grant money and the transfer of apprenticeship levy funds to partner organisations) to maximise the scope of support that can be offered from 19/20.

## Evidence

**What data/information have you used to assess how this policy/service might impact on protected groups?** Sources such as the [Office of National Statistics](#), [Somerset Intelligence Partnership](#), [Somerset's Joint Strategic Needs Analysis \(JSNA\)](#), Staff and/ or [area profiles](#), should be detailed here

From the inception of the scheme data has been captured by HR/OD on each individual referred and supported. This data includes key information such as the individuals background, personal data and which initiative they are supported by.

The evidence is clear cut – the majority of the scheme remains exactly the same. The difference is that internal SCC services wanting to host pathway to employment candidates (in paid work) will have to fund the salaries. Work will continue with our partners to expand the scope of their equivalent programmes to continue to maintain, and eventually increase, the number of opportunities available for in-scope individuals.

<b>Who have you consulted with to assess possible impact on protected groups?</b> If you have not consulted other people, please explain why?				
The proposal was shared with the Strategic Commissioning Group on 15/11/18. The group supported the proposal to reduce the budget.				
<b>Analysis of impact on protected groups</b>				
The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.				
Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<ul style="list-style-type: none"> <li>The proposed decision will negatively impact more on younger people, this is due to the majority of individuals referred into the scheme being within the 16-24 age bracket.</li> <li>The authority does now have a well-established apprenticeship scheme (while apprenticeships are available for any age group they do tend to attract younger candidates) which a number of these people would be suitable for. Apprentice numbers have swelled at the authority from 20 Nov 2016 to 192 at present.</li> </ul>	☒	☐	☐

	The real number of people impacted per year could therefore be fewer than eight.			
<b>Disability</b>	<ul style="list-style-type: none"> <li>The scheme has historically offered roles to people with disabilities. As above, only those that were interested in internal to SCC (paid) opportunities may be impacted.</li> <li>Service areas that have traditionally recruited disabled people from the Pathway to Employment 'pool' are making plans as to how they can continue to recruit without having the financial assistance from the scheme. The service areas are positive that there are alternative arrangements that can be made to have little-to-no impact on future recruitment.</li> </ul>	☒	☐	☐
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>Whilst this characteristic hasn't been one in which the scheme has previously had referrals on I would consider them as 'in-scope' and therefore are impacted by this decision.</li> </ul>	☐	☒	☐
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>No impact of this group based on this proposal</li> </ul>	☐	☒	☐
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>No impact of this group based on this proposal</li> </ul>	☐	☒	☐

<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>No impact of this group based on this proposal</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>No impact of this group based on this proposal</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Sex</b>	<ul style="list-style-type: none"> <li>No impact of this group based on this proposal – there is an even split between males and females accessing initiatives via the Pathway to Employment scheme.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>No impact of this group based on this proposal</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>Care Leavers make up the bulk of the NEET's supported by the scheme. With service areas being able to offer fewer paid roles (financed by the scheme) there will be some care leavers that cannot be internally supported. Alongside the Leaving Care service OD will work to expand the range of roles offered in partner organisations to offset the internal reduction.</li> <li></li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Negative outcomes action plan</b>				
Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>

<p>The positive news is that the majority of the initiatives and opportunities are not impacted by the reduction in budget.</p> <p>Between the time of writing and the beginning of the 19/20 financial year there is time to redesign the Pathway to Employment Scheme.</p> <p>The redesign of the scheme will need to look at what opportunities there are to replace the element of the scheme that would otherwise not run without the funding; at this point we can also review those that access the scheme to ensure each of the protected characteristics are positively supported.</p> <p>Action: Review opportunities for grant funding, working with partners to provide alternative yet similar roles and update the Young People Strategy in line with the new scope of the scheme.</p>	01/04/2019	Clive Mallon		□
<b>If negative impacts remain, please provide an explanation below.</b>				
<b>Completed by:</b>	<b>Clive Mallon</b>			
<b>Date</b>	<b>19/11/2018</b>			
<b>Signed off by:</b>	<b>Chris Squire</b>			

<b>Date</b>	<b>23/11/2018</b>
<b>Equality Lead/Manager sign off date:</b>	<b>Tom Rutland</b>
<b>To be reviewed by: (officer name)</b>	<b>Clive Mallon</b>
<b>Review date:</b>	<b>31/03/2019</b>

**Proposal for Change:  
Corp1920-02 Permanently release current budget for IT Training  
Manager position**

Corporate Plan Priority:	Corp1920-02
Service Area:	Organisational Development, HR/OD
Director:	Chris Squire
Strategic Manager	Clive Mallon (Service Manager)
SAP Node	EIHA

<b>1. The proposal is to:</b>	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

<b>2. Outline of the proposed change:</b>	
<p>The IT Training Manager post has been 'frozen' since March 2018 and a temporary management arrangement put in place (covered by existing staff within the service).</p> <p>In the interim period a review of the IT Training team structure has taken place and It has been decided to amend the structure to permanently remove the vacant manager post. To offset this, and put long term management support into the team, one of the existing IT Trainer posts will be upgraded to a manager post, which has been evaluated at a lower grade than the previously frozen post due to a new operating structure. As a result, there will be an overall reduction of one post in the team resulting in a saving.</p>	

**2a. Confidence level**

100 %

Plans developed and ready to implement.

**3. Impact on residents, businesses and other organisations:**

There is no impact in the removal of this post, plans have been thought through and the interim period without the manager role filled have worked well.

**4. Impact on other services we provide:**

Impacts are initially minimal; consideration to the future of the IT Training Team and how it works to support the organisation is required (the team has halved in size in recent years yet support for IT and Tech increases).

**5. Impact on staff:**

None, post is empty.

*The number of FTE that might be lost is:* 0 (vacant position)*The number of posts that might be lost is:* 1 x vacancy**6. Resources and support needed to make the change:**

No resources required to support this change.

**7. Timescale to deliver and major milestones:**

Removal of post from structure

1<sup>st</sup> April 2019**8. Risks and opportunities:**

No risks identified.

**9. Dependencies:**

Not applicable.

**10. Initial Equality Impact Assessment:**

Not required.

**11. Consultation and Communications plan:**

Not required.

**12. Legal Implications:**

Not required.



<b>13a. Financial Savings – net change to service budget in each year:</b>					
Are the savings evidenced based (evidence should be included with this template)?					Yes
If no, when is the evidence expected?					N/A
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£40,700	£	-£	£40,700	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£40,700</b>	<b>£</b>	<b>-£</b>	<b>£40,700</b>	Ongoing

<b>13b. One-off project costs and income (not included in above):</b>		
£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		£

## Proposal for Change: CORP1920-03 Vacant HR Advisor Position

Corporate Plan Priority:	Corp1920-03
Service Area:	HR & OD
Director:	Chris Squire
Strategic Manager	Sari Brice
SAP Node	EIHA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
Permanent removal of 22.20 hour HR Advisor vacancy. Post has been held vacant since resignation of postholder for duration of 2018/19. By removing this post £24,500 will be saved in 2019/20.

2a. Confidence level
100%
There is no current postholder.

3. Impact on residents, businesses and other organisations:
N/A

**4. Impact on other services we provide:**

The removal of this post will impact on the resources available within the HR Advisory team and the level of support that can be provided across the organisation, particularly in relation to the team's ability to provide proactive support to the organisation on employee relations matters. Areas that will be affected and are being reviewed are briefing and training sessions for managers on managing disciplinary, grievances, performance management and sickness absence, frequency of link meetings with Strategic Managers, maintaining and updating HR Policies and procedures.

**5. Impact on staff:**

The number of FTE that might be lost is: 0.6

The number of posts that might be lost is: 1 (vacant)

**6. Resources and support needed to make the change:**

No resources required.

**7. Timescale to deliver and major milestones:**

SAP OM structure updated

1 April 2019

**8. Risks and opportunities:**

Service is currently reviewing HR Officer workloads to accommodate this reduction.

**9. Dependencies:**

No dependencies.

**10. Initial Equality Impact Assessment:**

No.

**11. Consultation and Communications plan:**

Affected staff are already aware of the proposal and work is being undertaken within the Service to minimise the impact on workloads.

**12. Legal Implications:**

N/A.

<b>13a. Financial Savings – net change to service budget in each year:</b>					
Are the savings evidenced based (evidence should be included with this template)?					Yes
If no, when is the evidence expected?					N/A
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£24,500	£	-£	£24,500	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£24,500</b>	<b>£</b>	<b>-£</b>	<b>£24,500</b>	<b>Ongoing</b>

<b>13b. One-off project costs and income (not included in above):</b>		
£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Proposal for Change: CORP1920-04 Vacant OD Service Manager post

Corporate Plan Priority:	Corp1920-04
Service Area:	HR Services
Director:	Chris Squire
Strategic Manager	Rachel Ellins
SAP Node	EIHA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture ... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>Permanent removal of vacant position that was given up for part year in 2018/19 and will now be released permanently.</p> <p>This service manager position sits on the HR Organisational Development Team and will result in a saving of £47,700 in 2019/20.</p>

2a. Confidence level
100%
This position can be fully released.

3. Impact on residents, businesses and other organisations:
No impact on residents, business or other organisations.

**4. Impact on other services we provide:**

Tasks of this role have been redistributed within the HR Service and some casual support is currently received from an ex member of staff. If still required in 19/20 this will be funded from other areas.

**5. Impact on staff:**

Removal of 1 vacant position, 0.95 FTE.

*The number of FTE that might be lost is:*

*The number of posts that might be lost is:*

**6. Resources and support needed to make the change:**

No resource required.

**7. Timescale to deliver and major milestones:**

Updated Organisational Management (OM) Structure

1<sup>st</sup> April 2019

**8. Risks and opportunities:**

- Negative impact on staff morale/engagement.
- Inability to deliver services to expectation

**9. Dependencies:**

No dependencies

**10. Initial Equality Impact Assessment:**

Following conversations with the Corporate Equalities Manager it was agreed that an Equalities Impact Assessment was not required.

**11. Consultation and Communications plan:**

N/A

**12. Legal Implications:**

N/A

<b>13a. Financial Implications – net change to service budget in each year:</b>					
Are the savings evidenced based?				Yes, options have been costed by Finance but final structure still to be finalised.	
If no, when is evidence expected?				N/A	
Please note: these figures should be cumulative (as per the approach for MTFP and savings)					
£'s	Savings	Income	Growth/Costs	Total	Ongoing or One-off?
2019/20	£47,700	£	-£	£47,700	Ongoing
2020/21	£0	£	-£	£0	
<b>Total</b>	<b>£47,700</b>	<b>£</b>	<b>-£</b>	<b>£47,700</b>	<b>Ongoing</b>

<b>13b. One off project costs and income (not included in above):</b>		
£s		
2018/19	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£0</b>

## Proposal for Change: CORP1920-05 Permanent reduction in Learning & Development Training Budget

Corporate Plan Priority:	Corp1920-05
Service Area:	Organisational Development, HR/OD
Director:	Chris Squire
Strategic Manager	Clive Mallon (Service Manager)
SAP Node	EIHB

1. The proposal is to:	
X	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>In 2018/19 £100,000 of the authority-wide Learning and Development (L&amp;D) budget was offered as an 'in-year' saving to meet HR and Organisational Design (HR/OD) contribution to Medium Term Financial Plan (MTFP). This proposal is to formalise those arrangements and for the budget to be permanently removed from the budget.</p> <p>HR/OD distribute L&amp;D budget annually to Children's and Adults L&amp;D teams, ECI and retain a proportion for corporate training. This proposal would impact on each of those teams. Statutory training is not impacted by the proposed budget reduction.</p>	



**2a. Confidence level**

100 %

Plans developed and ready to implement.

**3. Impact on residents, businesses and other organisations:**

Each of ECI, Adults, Children's and Corporate L&D budgets will be affected. The majority of the saving will come from the Corporate L&D budget with each of the other business area apportionments being reduced to make up the saving.

The value of saving was made in year in 2018/19, this proposal removes the budget on an ongoing basis – whilst challenging it was achievable in 2018/19 with minimal impact therefore it is achievable on a permanent basis. It is worth noting that the value of the authority-wide L&D budget has halved in recent years and will equate to less than £200 per employee from 2019/20, which is incredibly low.

Alongside this proposal work has commenced to centralise L&D across the authority. This plan involves bringing the Children's L&D, Adults L&D and Organisational Development (including IT Training Team) teams together into one L&D function. It is anticipated that better working practices would reduce the required spend on L&D which can be offset against the planned budget reduction.

A detailed investigation on the spend against the L&D budgets is required to further review usage to ensure only true L&D spend is made against the budget; early indications are that there has been spend against the budget for non-L&D activity.

Other areas of development outside of these budgets will be reviewed to be fully made use of; the increase in available qualifications via the apprenticeship levy into 19/20 should further reduce the impact (e.g. SCC current fund years 2 and 3 of Open Uni Social Work Degree courses, this cost should be able to be met by the levy in future years, a 'saving' of £6,000 per student per year is possible).

**4. Impact on other services we provide:**

As above, minimal impacts identified – and no impact on statutory training.

**5. Impact on staff:**

None, although more work is required to review the element provided to the Children's L&D team – currently the budget provided to that team pays for staff salaries and there is an 'agreed overspend' to pay for the L&D initiatives the team arranges. This review is taking place within the rebasing of budgets within Children's Services, led by Finance.

**6. Resources and support needed to make the change:**

No resources required to support this change.

**7. Timescale to deliver and major milestones:**

Post decision sign off, review the spend areas and decide on Business Area L&D apportionments	Dec 2018
Communicate with impacted teams	Jan 2019
New budget values go live	April 2019

**8. Risks and opportunities:**

Other than the risks identified above there are none.

**9. Dependencies:**

The reduction in budget is made easier if the L&D teams amalgamate.

**10. Initial Equality Impact Assessment:**

Discussion on proposals with the equalities lead took place on the 20<sup>th</sup> November 2018 and it was agreed that an impact assessment was not required.

Whilst the budget will reduce the spend level will remain the same as 2018/19 and may in fact increase based on the plans detailed above. The services successfully delivered training to staff without compromising frequency, location etc therefore no staff groups are negatively impacted by this proposal.

**11. Consultation and Communications plan:**

Not required

**12. Legal Implications:**

N/A

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£100,000	£	-£	£100,000	Ongoing

2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£100,000</b>	<b>£</b>	<b>-£</b>	<b>£100,000</b>	<b>Ongoing</b>

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Proposal for Change:

### CORP1920-13 ICT Contract and Service Changes

Corporate Plan Priority:	CORP1920-13
Service Area:	Corporate Services
Director:	Simon Clifford
Strategic Manager	Andy Kennell
SAP Node	EII

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>This proposal is aiming to deliver £847,000 in 2019/20, of which £502,000 will be ongoing and £345,000 will be a one-off through;</p> <ul style="list-style-type: none"> <li>• Reducing licence count and support on a number of ICT contracts</li> <li>• Deferring the implementation of enhanced email security for an additional year</li> <li>• Reducing contract costs based on reduction of hosting infrastructure required.</li> </ul>	

2a. Confidence level	
75	%

There are ongoing negotiations and initiatives with some of the contracts associated with this proposal.

**3. Impact on residents, businesses and other organisations:**

There will be no impact on residents, businesses or other organisations.

**4. Impact on other services we provide:**

There is a small increase in the level of risk of infection and malware attack against the council that may gain access to mailboxes as a result of not implementing enhanced email security. This risk will be mitigated by further user training and communication around best practice use of email and manual monitoring.

**5. Impact on staff:**

None.

**6. Resources and support needed to make the change:**

An estimate of 3 days of ICT effort to migrate to the alternative connectivity and 1-2 days of effort from ICT to remove unlicensed software and install alternative (open source) versions.

**7. Timescale to deliver and major milestones:**

Implement alternative comms to Express route.	By end of 18/19 financial year
---	--------------------------------

**8. Risks and opportunities:**

There is a small increase in the level of risk of infection and malware attack against the council that may gain access to mailboxes as a result of not implementing advanced email security. This risk will be mitigated by further user training and communication around best practice use of email and manual monitoring.

**9. Dependencies:**

None

**10. Initial Equality Impact Assessment:**

Following agreement from the Corporate Equalities Manager it was agreed that an Equalities Impact Assessment was not required.

**11. Consultation and Communications plan:**

Following agreement with the Consultation Manager it was agreed that there was no need for consultation.

**12. Legal Implications:**

No legal implications. Basic exchange cloud protection (EOLP) meets the minimum requirements for PCI DSS (Payment card guidance) and PSN (Public Sector Network) but fails to meet industry best practice guidelines.

Also note that this proposal is predicated on the basis that the contract(s) permit the proposed course of action, due process will be followed to ensure this happens to remove the risk of legal challenge.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)? Yes

If no, when is the evidence expected? N/A

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£847,000	£	-£	£847,000	345k one off (review 20/21)
2020/21	£-345,000	£	-£	£-345,000	One off
2021/22					
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£502,000</b>	<b>£</b>	<b>-£</b>	<b>£502,000</b>	

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Proposal for Change: CORP1920-14b ICT Resource Income Generation

Corporate Plan Priority:	CORP1920-14b
Service Area:	ICT
Director:	Simon Clifford
Strategic Manager	Andy Kennell
SAP Node	EII

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture ... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>This proposal is aiming to deliver £20,000 of additional one-off income in 19/20 through the following;</p> <ul style="list-style-type: none"> <li>To exploit opportunities to generate income through charging for resource time</li> </ul>	

2a. Confidence level	
<div style="border: 1px solid black; display: inline-block; padding: 2px;">80</div> %	
<p>Based on resource requirements/requests received from Somerset Waste Partnership and neighbouring local authorities we are confident that we can deliver the savings identified.</p>	

**3. Impact on residents, businesses and other organisations:**

There will be no impact on residents, businesses and other organisations.

**4. Impact on other services we provide:**

There will be no negative impacts on any of the other services that we current provide.

**5. Impact on staff:**

Some resource will be asked to work flexibly on temporary assignments.

**6. Resources and support needed to make the change:**

None required.

**7. Timescale to deliver and major milestones:**

Request for resource will be reviewed on a regular basis and will be used as an income opportunity as and when the opportunities arise.

**8. Risks and opportunities:**

None noted.

**9. Dependencies:**

This proposal is heavily dependent on neighbouring local authorities and Somerset Waste Partnership continuing to require resource.

**10. Initial Equality Impact Assessment:**

Following agreement with the Corporate Equalities Manager it was agreed that a Equalities Impact Assessment was not required.

**11. Consultation and Communications plan:**

Following agreement with the Consultation Manager it was agreed that consultation would be not be necessary.

**12. Legal Implications:**

This proposal is covered by the Local Government (Goods and Services) Act 1970 which gives power to supply services between local authorities and other public bodies to utilise surplus capacity and give benefits of scale

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?	N/A
---------------------------------------	-----



Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£	£20,000	-£	£20,000	One off
2020/21	£	£-20,000	-£	£-20,000	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£</b>	<b>£20,000</b>	<b>-£</b>	<b>£20,000</b>	<b>One-off</b>

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Proposal for Change: Corp1920-17-Additional Contractual Efficiency Savings

Corporate Plan Priority:	CORP1920-17
Service Area:	Commercial and Procurement
Director:	Simon Clifford
Strategic Manager	Claire Griffiths
SAP Node	Tbc for individual Services

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>Undertake deep dive contract reviews from a commercial perspective, to identify efficiency savings. These may be derived from a range of sources including de-scoping of services, renegotiation of contract terms, enforcement of financial penalties for non-performance, comparison of invoices against works complete to identify discrepancies, comparison of contract payments versus annual contract value, evaluation of contract performance against contract Key Performance Indicators (KPIs).</p> <p>A long list of contract / groupings of contracts has been compiled from an initial assessment of the Top 100 contracts (ranked on annual value). This list includes individual contracts and frameworks and the final work plan will be discussed and agreed with SLT before being rolled out. Opportunities for synergies with specific contracts identified as part of the 2019/20 MTFP will also be identified. Work has already commenced in ICT and has set the approach for all contract deep dives.</p>	

**2a. Confidence level**

80%

Until the contract deep dives commence the actual potential for savings cannot be quantified. However, with work to date in ICT there is a high confidence of achieving £68,000 to date.

<b>Service Activity</b>	<b>Saving</b>
Express Route	£53,000
PSN Connection	£15,000

In addition, there is an 80% confidence on £100,000 of mobile phone savings.

This delivers a total to date of £168,000. The remaining £332,000 target will form part of the pipeline of work.

**3. Impact on residents, businesses and other organisations:**

N/A

**4. Impact on other services we provide:**

Potentially, particularly if services are de-scoped from a specific contract. An evaluation of the impact of this will be undertaken at that time.

**5. Impact on staff:**

No impact on staff

**6. Resources and support needed to make the change:**

Staff responsible for the operational delivery of contracts/frameworks that are the subject of deep dive will be required to give support to C&P officers. If services are descoped, there may also be resource implications. Yet to be determined. Finance, HR and legal are likely to be required, depending on the outcomes of each contract Deep Dive.

**7. Timescale to deliver and major milestones:**

Work to commence November 2018 to achieve savings as far as possible for full financial year but will be an ongoing rolling programme of work

Rolling programme of work

**8. Risks and opportunities:**

To be identified at an individual contract level.

**9. Dependencies:**

To be identified at an individual contract level.

**10. Initial Equality Impact Assessment:**

None

**11. Consultation and Communications plan:**

None at present

**12. Legal Implications:**

As noted above, the opportunity to renegotiate contract terms, to enforce penalties for non-performance and to take action under other contractual provisions will depend in each case on the terms of each contract concerned.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	No
If no, when is the evidence expected?	January 2019 onwards

Please note: these figures should be cumulative

£'000's	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£168,000	£	-£	£168,000	On-going
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£168,000</b>	<b>£</b>	<b>-£</b>	<b>£168,000</b>	<b>ongoing</b>

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Proposal for Change:

### Review of Fees and Charges

Corporate Plan Priority:	Corp1920-23
Service Area:	All
Director:	All (Lead Alyn Jones)
Strategic Manager	Martin Gerrish
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
x	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>Review charge out rates in respect of external customers and time charge rates against capital and grant funded project. The purpose of the review is to ensure that services are recouping the total costs of providing services where a charge can be made or the costs of deploying staff to capital and third-party projects. This will be achieved by the following;</p> <ul style="list-style-type: none"> <li>• Verify the overhead recovery rate charged and ensuring it includes all appropriate costs and that they are predicated upon a 19/20 price base. This will include a review of staffing costs, direct costs of providing the service and indirect/overhead recovery costs (including any inflationary costs).</li> <li>• We will also consider benchmarking of recovery rates and costs against our local authority near neighbours.</li> </ul>	

- We will review the legal powers to charge under the Local Government Act 2003 and the Local Authorities (Goods and Services) 1970 and subsequent legislation.

An initial business case will be developed in Economic and Community Infrastructure (ECI) which will then be considered against all relevant services across Somerset County Council.

Savings will be derived by releasing revenue costs in the event of further capitalisation or securing sustainable increases in securing revenue for chargeable activity.

The outcome of the review will set out the standard charging rates across SCC from which on variances can then be documented.

Initial assessments have identified that direct costs associated with a service employing 35 staff could recover direct costs of approximately £70,000.

#### **2a. Confidence level**

80 %

This is based on an initial of the potential revenue to be released within ECI (£120,000).

#### **3. Impact on residents, businesses and other organisations:**

Potential impact of services users as a result of increased charges.

#### **4. Impact on other services we provide:**

None

#### **5. Impact on staff:**

None

#### **6. Resources and support needed to make the change:**

Finance support to review overhead recovery rates and capital funding rules/guidelines.

Focused legal advice on the legislative parameters for charging for services.

#### **7. Timescale to deliver and major milestones:**

Legal review	14 December 2018
ECI case study to be complete	4 January 2019

Service based budget review to reallocate revenue costs to charges/capital	11 January 19
--	---------------

<b>8. Risks and opportunities:</b>
<ul style="list-style-type: none"> <li>• Limitations of capital requirements.</li> <li>• Services confirm that they are already recouping all relevant costs.</li> <li>• Lack of staff resources to review budgets to required timescale.</li> <li>• Opportunities – increase charging rates and identify total cost for service delivery.</li> </ul>

<b>9. Dependencies:</b>
No.

<b>10. Initial Equality Impact Assessment:</b>
No.

<b>11. Consultation and Communications plan:</b>
Engagement with services to identify possible increase in charges. Following this review engagement with service users and capital finance (internal).

<b>12. Legal Implications:</b>
To be determined following legal review. However, reviews of ECI case studies suggest no implications which will limit the ability of this saving to be realised.

<b>13a. Financial Savings – net change to service budget in each year:</b>					
Are the savings evidenced based (evidence should be included with this template)?					No
If no, when is the evidence expected?					January 2019
Please note: these figures should be cumulative					
<i>£s</i>	<i>Savings</i>	<i>Income Generated</i>	<i>Cost Involved (also see 13b)</i>	<i>Total</i>	<i>Ongoing or One-off?</i>
2019/20	£0	£120,000	-£0	£120,000	Ongoing
2020/21	£0	£0	-£0	£0	
2021/22	£0	£	-£0	£0	
<b>Total</b>	<b>£0</b>	<b>£120,000</b>	<b>-£0</b>	<b>£120,000</b>	
£'000's	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£	£	-£	£	
2020/21	£	£	-£	£	

2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£</b>	<b>£</b>	<b>-£</b>	<b>£</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£0
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£0</b>



**Appendix E5 -  
ECI Services  
Proposals for  
Change -  
For decision for  
2019 - 2022**

## Proposal for Change

### ECI1920-01 - Remove the current 4-yearly planned programme of gully cleaning from 2019/2020

#### Routine and Environmental Maintenance Project

Corporate Plan Priority:	
Service Area:	Highways Maintenance (Operations)
Director:	Alyn Jones (Lead Director Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
Remove the current 4-yearly planned programme of gully cleaning from 2019/2020. This affects approximately 72,000 gullies countywide. Approximately 18,000 gullies cleaned each year, a quarter of the 4-yearly programme is delivered annually. The gullies referred to in this proposal are in predominantly, low risk urban areas. Reactive orders will continue to be raised against these gullies based on demand; identified by the public or from safety and serviceability inspections.

2a. Confidence level	
<table border="1"> <tr> <td>100 %</td> </tr> </table> <ul style="list-style-type: none"> <li>Service Instruction issued to Skanska in advance of the 2019/2020 gully cleansing programme commencing.</li> <li>Some uncertainty of gully cleansing contract rates for 2019/2020.</li> </ul>	100 %
100 %	

**3. Impact on residents, businesses and other organisations:**

1. High impact on communities and business – greater risk of flooding in urban areas where defects or blocked gullies are not identified.
2. The gullies will still be cleaned reactively or as a safety measure – costs transferred to other budgets headings.
3. SCC to continue to work with the SRA in order to seek funding for enhanced maintenance works programmes. The SRA has funded a programme of enhanced gully emptying to those gullies located in flood susceptible areas, (SRA Enhanced Gully Emptying).

**4. Impact on other services we provide:**

- Likely increases on reactive gully cleaning works to those 4-yearly gullies.

**5. Impact on staff:**

- No direct impact as a consequence.

**6. Resources and support needed to make the change:**

- Limited resource/ support needed to make the change.

**7. Timescale to deliver and major milestones:**

Milestone	Date
SCC to inform Skanska of works programmes via Task Order/Service Instruction.	April 2019

**8. Risks and opportunities:**

1. This will represent a policy change to reflect the change in approach.
2. Risk of affecting the overall contract turnover and subsequent revenue rebate.
3. Potential for contractual discussions with Skanska (to include potential disposal of gully emptying plant and equipment)
4. Potential for more gully reactive and safety task orders.
5. Potential increase in localised carriageway surface water flooding.
6. Potential insurance implications.
7. Potential accelerated rate of deterioration to the carriageway surface course due to running surface water between blocked gullies. Potential impact on future maintenance costs
8. Potential accelerated rate of deterioration to the highway pavement due to water ingress. Potential impact on future maintenance costs.
9. Potential reputational damage.
10. Managing the transition to a needs-based service delivery.

11. The Highway Authority has a duty to prevent nuisance and danger to adjoining landowners by flooding – this may be compromised.

**9. Dependencies:**

N/A

**10. Initial Equality Impact Assessment:**

Yes – see EIA

**11. Consultation and Communications plan:**

Communication required with Parish Councils and service users. Communication strategy to be developed. Liaison with SRA.

**12. Legal Implications:**

There is a risk that if flooding occurs, SCC may be in breach of its duty to protect neighbouring land from flooding, albeit mitigated as the public may request gully cleaning as a reactive service response. There is also the potential for contractual early warning notices and compensation events with Skanska, resulting from their expectation of levels of business.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes (inventory data – Confirm/ Kaarbontech)
---	---

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£80,000	£	-£	£80,000	On-going
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£80,000</b>	<b>£</b>	<b>-£</b>	<b>£80,000</b>	

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£

	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

# Somerset Equality Impact Assessment

Organisation prepared for	Somerset County Council		
Version	1	Date Completed	30/10/2018
Description of what is being impact assessed			
<p><b>Remove current countywide 4-yearly planned programme of gully cleaning (ECI1920-01)</b></p> <p>This proposal is to:</p> <ol style="list-style-type: none"> <li>1. Remove the current 4-yearly planned programme of gully cleaning from 2019/2020.</li> <li>2. Affects approximately 72,000 gullies countywide.</li> <li>3. Approximately 18,000 gullies cleaned each year, a quarter of the 4-yearly programme is delivered annually.</li> <li>4. Predominantly, low risk urban areas.</li> <li>5. Only reactive orders to be raised against these gullies.</li> </ol> <p><b>The proposal is related to 2019/2020, 2020/2021, 2021/2022 &amp; 2022/2023 savings.</b></p>			
Evidence			
<p><b>What data/information have you used to assess how this policy/service might impact on protected groups?</b></p> <p>This information is not available as the impact cannot be predicted at this stage.</p>			
<p><b>Who have you consulted with to assess possible impact on protected groups?</b></p> <p>Due to the time constraints there has been no formal consultation. All reactive / emergency needs will continue. The impact will be High.</p>			

Analysis of impact on protected groups				
Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
<b>Age</b>	<ul style="list-style-type: none"> <li>The proposals may have a greater impact on older residents and children as a reduction in planned gully emptying of highway gullies may cause increased flooding and may impede access to the local network and/or impede pedestrian walk ways.</li> </ul>	☒	☐	☐
<b>Disability</b>	<ul style="list-style-type: none"> <li>Increased flooding may impede access to the local network and/or impede access to pedestrian links.</li> </ul>	☒	☐	☐
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>Increased flooding may impede access to the local network and/or impede access to pedestrian links.</li> </ul>	☒	☒	☐
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Sex</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐

<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Negative outcomes action plan</b>				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
Service reductions are expected to have significant impacts. That said gullies affected are identified as low risk urban locations. In the unlikely event that safety or serviceability issues arise, they will be dealt with using the reactive gully cleaning budget or the safety defect programme of work (which remains unaffected by these proposals). This is a statutory duty of the local authority and remains in place.	01/04/2019	Andrew Turner	The impact managed through the Reactive Safety Defect Programme.	<input type="checkbox"/>
By way of mitigation, SCC will to continue to work with the SRA in an attempt to seek funding for enhanced maintenance works which may occur as a result of this proposal. Bid submitted to SRA. Success of bid to be known December 2018	31/12/2018	Andrew Turner	Through conversations with the SRA	<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
N/A				



<b>Completed by:</b>	<b>Neil McWilliams</b>
<b>Date</b>	<b>30/10/2018</b>
<b>Signed off by:</b>	<b>Andrew Turner</b>
<b>Date</b>	<b>04/12/2018</b>
<b>Equality Lead/Manager sign off date:</b>	<b>03/12/18</b>
<b>To be reviewed by: (officer name)</b>	<b>Neil McWilliams</b>
<b>Review date:</b>	<b>01/09/2019</b>

## Proposal for Change:

### ECI1920-03 - Reduction in Rights of Way Service Delivery

Corporate Plan Priority:	
Service Area:	Rights of Way
Director:	Alyn Jones (Lead Director Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	EHDCCKBA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p><b>Reduction in Rights of Way Service Delivery</b></p> <p>The main revenue activity, aside of salaries, is routine vegetation clearance. The annual contract spend on routine vegetation clearance is approximately £85k (delivered through a Framework Agreement &amp; competitive process). It is proposed that £25k of this budget is surrendered.</p>

2a. Confidence level		
<table border="1"> <tr> <td>80</td> <td>%</td> </tr> </table> <p>Whilst there is a very high level of confidence that the delivery of the saving can be executed by adjusting the vegetation clearance schedule to the available budget, it remains to be seen what the associated impact will be in terms of insurance claims, serving of statutory notices on the Council.</p>	80	%
80	%	

### **3. Impact on residents, businesses and other organisations:**

There will be a likely decrease in the percentage of the network that is deemed 'easy to use' with the potential for an increase in complaints.

Section 56 notices for 'out of repair' may be served where routes become obstructed by growth.

Contractors who have invested in the Vegetation Clearance framework contract will have less income as a result but may partially benefit from the need for a call-off contract to address routes as one-off cuts as opposed to scheduled cuts.

Priority routes (promoted trails and utility routes) will be preserved which should manage the impact to some degree.

A reduction in accessibility of routes could have an impact on the tourism industry and thus the local economy.

### **4. Impact on other services we provide:**

The potential for a decline in the percentage of routes that are accessible could have a consequential but undetermined impact on the wider health objectives (relating to encouraging greater levels of physical activity). Rights of Way play a role in modal shift and therefore any reduction in service delivery could impact on trying to reduce motorised vehicle journeys.

### **5. Impact on staff:**

Vegetation clearance is mainly proactive. Potential that staff will spend more time dealing with complaints about overgrown paths. This may divert resource away from other aspects of service delivery.

It may generate increased uptake in volunteer schemes putting pressure on officer resource to administer these schemes.

### **6. Resources and support needed to make the change:**

The decrease in service delivery will hopefully encourage greater participation in volunteer schemes, e.g.: strimmer scheme, adopt-a-path. Assuming there is an increase in uptake, an additional budget may be required for capital items – this has been scheduled below.

### **7. Timescale to deliver and major milestones:**

Parish & Town Council consultation on clearance schedule and path hierarchy	Nov 18 - Jan 19
Review of schedule to fit with budget	Feb 19
Completion	31 <sup>st</sup> March 19 to take effect for FY 2019/20

**8. Risks and opportunities:**

**Risks:** See above and below for main risks, i.e. network accessibility (serving of notices), health, tourism, local economy, modal shift, staff morale/ retention. This reduction could result in a decrease in the competitiveness of tendered rates, as contractors will have to cut paths which are more difficult to cut, having been cut less frequently or not at all. Best value will become less obtainable and the initial schedule review will precipitate into further reduction in future years as prices go up.

**Opportunities:** Parish Councils and volunteers may help to offset the reduction in service delivery, but this is ultimately reliant on them being willing to do so. In addition, the impact of this proposal may be mitigated by encouraging greater levels of participation from volunteers.

**9. Dependencies:**

An increase in capital allocation will be required to cope with any upturn in volunteer recruitment. Staff resourcing of volunteer schemes may also need reviewing with a possible role for Business Support, where resources allow.

**10. Initial Equality Impact Assessment:**

Yes - an EIA has been produced. Acceptance of this proposal will likely lead to a general decline in service delivery, impacting on all communities of Somerset and the local economy.

**11. Consultation and Communications plan:**

Consultation would be required with Parish & Town Councils to review the schedule and to review the network hierarchy (an exercise they last assisted with around a decade ago). User groups and the Local Access Forum would form part of this consultation exercise.

The outcome would need to be communicated with all key stakeholders.

**12. Legal Implications:**

This proposal could result in SCC not fulfilling its duty of keeping routes free from growth. Roughly 4 out of 5 routes are available and the 20% that are not available are generally down to historic or current obstructions or temporary closures due to failing or missing structures. Obstructed by vegetation could be added to this list if the proposal is accepted.

There is no statutory duty to consult on implementing the proposal, but it would be advisable that any reduction in delivery is informed by those that know the network best, i.e.: the local inhabitants.

**13a. Financial Implications – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	No
If no, when is evidence expected?	January 2019 The schedule will be revised in accordance with available

				budget and tendered framework rates.	
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (see also 13b)	Total	Ongoing or One-off?
2019/20	£25,000	£0	-£0	£25,000	Ongoing
2020/21	£0	£0	-£0	£0	-
2021/22	£0	£0	-£0	£0	-
2022/23	£0	£0	-£0	£0	-
2023/24	£0	£0	-£0	£0	-
Total	£25,000	£0	-£0	£25,000	

<b>13b. One off project costs and income (not included in above):</b>		
£'000's		
2019/20	Capital Costs	-£5
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	-£5
2020/21	Capital Costs	-£5
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	-£5
2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	-£0
<b>TOTAL</b>		<b>-£10</b>

# Somerset Equality Impact Assessment

<b>Organisation prepared for</b>	<b>Somerset County Council</b>		
<b>Version</b>	<b>V1</b>	<b>Date Completed</b>	<b>13/11/18</b>
<b>Description of what is being impact assessed</b>			
<p><b>Reduction in Rights of Way Service Delivery – ECI1920-03</b></p> <p>The reduction in service delivery will be implemented through reducing the proactive vegetation clearance schedule. This will have an impact on the physical network and is therefore likely to impact on all protected groups; i.e.: anyone who is able to access the public rights of way network could potentially be affected by this reduction in service delivery.</p>			
<b>Evidence</b>			
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b>			
<p>An exercise was undertaken approximately 12 years ago with Parish &amp; Town Councils to categorise their local networks based on levels of use. These categories are used in prioritising how we respond to issues on the network as part of a risk-based approach. Parishes were also consulted in relation to the vegetation clearance schedule. We currently don't have detailed information on accessible routes specifically but where possible this will form part of the consideration as to where and where not reductions are made in the vegetation clearance schedule.</p>			
<b>Who have you consulted with to assess possible impact on protected groups?</b>			
<p>It has not been possible to consult and receive responses prior to the decision being taken. However, Parish &amp; Town Councils, user group representatives and the Local Access Forum will all be consulted prior to implementation of the reduction.</p>			

Analysis of impact on protected groups				
Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
<b>Age</b>	<ul style="list-style-type: none"> <li>Potential for some rights of way to become inaccessible due to vegetation not being cut. Those young and old could be disproportionately affected. If paths become inaccessible then they cannot access the countryside the same way as able-bodied people.</li> </ul>	☒	☐	☐
<b>Disability</b>	<ul style="list-style-type: none"> <li>Potential for some rights of way to become disproportionately inaccessible due to vegetation not being cut. Wherever possible accessible routes (where known and on the schedule) will continue to be maintained appropriately. If paths become inaccessible then they cannot access the countryside the same way as able-bodied people.</li> </ul>	☒	☐	☐
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>No disproportionate impact.</li> </ul>	☐	☒	☐
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>No disproportionate impact.</li> </ul>	☐	☒	☐
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>No disproportionate impact.</li> </ul>	☐	☒	☐
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>No disproportionate impact.</li> </ul>	☐	☒	☐
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>No disproportionate impact.</li> </ul>	☐	☒	☐
<b>Sex</b>	<ul style="list-style-type: none"> <li>No disproportionate impact.</li> </ul>	☐	☒	☐

<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>No disproportionate impact.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>Those who use isolated lowly-used rights of way could be disproportionately affected.</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Negative outcomes action plan</b>				
<b>Action taken/to be taken</b>	<b>Target Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
Consultation on vegetation clearance schedule and path categories	31/01/2019	Jake Taylor	Ongoing supervision	<input type="checkbox"/>
Review of schedule (informed by consultation results)	28/02/2019	Rob Coate	Ongoing supervision	<input type="checkbox"/>
Promotion of volunteer schemes	Ongoing	Jake Taylor	Ongoing supervision	<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
<p>Whilst the above measures will hopefully mitigate for the reduction in service delivery, there are likely to be occasions where paths become overgrown and reports of such are lodged with the Rights of Way Service. Volunteer action could be called upon to resolve the issue, but where this is not possible, then any available revenue budget can be used to cut the vegetation reactively instead of proactively. Well used routes and accessible routes will be high priorities where they are not already on the schedule. Where there is insufficient revenue budget then there is the risk that either the overgrowth will increase and become a bigger task to clear, or someone may serve a notice upon the Highway Authority asserting that a route is out of repair.</p>				
<b>Completed by:</b>	<b>Pete Hobley</b>			
<b>Date</b>	<b>13/11/18</b>			



<b>Signed off by:</b>	<b>Pete Hobley</b>
<b>Date</b>	<b>13/11/18</b>
<b>Equality Lead/Manager sign off date:</b>	<b>13/11/18</b>
<b>To be reviewed by: (officer name)</b>	<b>Pete Hobley</b>
<b>Review date:</b>	<b>28/02/19</b>

## Proposal for Change: Verge Maintenance.

### ECI1920-04 - Implement a 1-swathe width cut across the entire planned verge maintenance programme 2019/2020

#### Routine and Environmental maintenance Project

Corporate Plan Priority:	
Service Area:	Highways Maintenance (Operations)
Director:	Alyn Jones (Lead Director Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
To implement a 1-swathe width cut across the entire planned verge maintenance programme 2019/2020. (Commencing May 2019). The service currently implements variable swathe width cuts across the network. Saving to be achieved by modifying extent of cutting undertaken in the 16-week countywide programme. Visibility splays and forward sight lines, as defined in the inventory, to remain as part of the agreed service provision.

2a. Confidence level
90%
<ul style="list-style-type: none"> <li>• SCC to inform Skanska via Task Order/Service Instruction in advance of the 2019 verge maintenance cutting programme. April 2019.</li> <li>• Uncertainty of verge maintenance rates for 2019/2020.</li> </ul>

3. Impact on residents, businesses and other organisations:

- Low impact on communities and business. Whilst the change would see a reduction in operational output, the overall verge maintenance programme would still deliver/align with the current SCC policy. A and B network, inclusive of visibility splays, cut twice; C and unclassified network, inclusive of visibility splays, cut once. Sensitive sites cut last.

**4. Impact on other services we provide:**

- No direct impact as a consequence.

**5. Impact on staff:**

- No direct impact as a consequence.

**6. Resources and support needed to make the change:**

- No resource/support needed to make the change.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
	SCC to inform Skanska via Task Order/Service Instruction	April 2019

**8. Risks and opportunities:**

12. Risk of affecting the overall contract turnover and subsequent revenue rebate.
13. Whilst a there is a very low risk there maybe contractual Early Warning Notices/Compensation event with Skanska.
14. Visibility splays must remain as part of this programme.
15. Reduction in service can positively enhance wildlife and flora protection and enable creation of new habitats.
16. The change to working practices would better align the current verge maintenance operations with the Somerset County Council 'Highways Bio-diversity Manual'.
17. Potential insurance implications.
18. Self-seeded trees will be allowed to establish creating a greater maintenance liability in future.
19. Potential for reputational damage.

**9. Dependencies:**

N/A

**10. Initial Equality Impact Assessment:**

Yes – see EIA

**11. Consultation and Communications plan:**

Yes – communication strategy to be developed.

**12. Legal Implications:**

N/A

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes (inventory data – Confirm)
---	--------------------------------

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£90,000	£	-£	£90,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	£90,000	£	-£	£90,000	

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		£

# Somerset Equality Impact Assessment

<b>Organisation prepared for</b>	Somerset County Council		
<b>Version</b>	1	<b>Date Completed</b>	30/10/2018
<b>Description of what is being impact assessed</b>			
Implement a 1-swathe width cut across the entire <b>planned verge maintenance programme (EC11920-04)</b> .			
This proposal is to:			
<ol style="list-style-type: none"> <li>1. Implement a 1-swathe width cut across the entire planned verge maintenance programme 2019/2020. (Commencing May 2019).</li> <li>2. Currently variable swathe width cuts across the network.</li> <li>3. Saving to be achieved by modifying extent of cutting undertaken in this 16-week countywide programme.</li> <li>4. Visibility splays and forward sight lines, as defined in the inventory, to remain.</li> </ol>			
<b>Evidence</b>			
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b>			
This information is not available as the impact cannot be predicted at this stage.			
<b>Who have you consulted with to assess possible impact on protected groups?</b>			
There is no requirement for formal consultation as this is a service adjustment.			

Analysis of impact on protected groups				
Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
<b>Age</b>	<ul style="list-style-type: none"> <li>The proposals may have a greater impact on older residents and children as increased verge vegetation growth may impede access to safe points of refuge adjacent to the highway network and/or impede access to pedestrian walk ways.</li> </ul>	☒	☐	☐
<b>Disability</b>	<ul style="list-style-type: none"> <li>Increased verge vegetation growth may impede access to the local network and/or impede access to pedestrian links.</li> </ul>	☒	☐	☐
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>Increased verge vegetation growth may impede access to the local network and/or impede access to pedestrian links.</li> </ul>	☒	☒	☐
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Sex</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐

<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	□	⊗	□
<b>Negative outcomes action plan</b>				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
Service reductions are expected to have significant impacts. That said, in the unlikely event that safety or serviceability issues arise, they will be dealt with using the reactive safety defect programme of work (which remains unaffected by these proposals). This is a statutory duty of the local authority and remains in place.	01/04/2019	Andrew Turner	The impact managed through the Reactive Safety Defect Programme.	<input type="checkbox"/>
SCC local Area Highways Offices (AHO) to pursue enforcement of the powers afforded by the HA1980 and utilise recharge process.	01/04/2019	AHO's	Through conversations with the AHO's & R&E project.	<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
N/A				
<b>Completed by:</b>	<b>Neil McWilliams</b>			
<b>Date</b>	<b>30/10/2018</b>			
<b>Signed off by:</b>	<b>Andrew Turner</b>			
<b>Date</b>	<b>31/10/2018</b>			

<b>Equality Lead/Manager sign off date:</b>	<b>03/12/2018</b>
<b>To be reviewed by: (officer name)</b>	<b>Neil McWilliams</b>
<b>Review date:</b>	<b>01/09/2019</b>



## Proposal for Change

### ECI1920-05 - Capitalisation of the existing revenue funded Ditches and Grips budget

#### Routine and Environmental maintenance Project

Corporate Plan Priority:	
Service Area:	Highways Maintenance (Operations)
Director:	Alyn Jones (Lead Director – Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
	<ol style="list-style-type: none"> <li>1. Capitalisation of the revenue funded Ditches and Grip budget spend.</li> <li>2. Works involve creating new, permanent assets.</li> </ol>

2a. Confidence level	
80 %	<ul style="list-style-type: none"> <li>• Confirmed that this activity does comply with capital funding requirements. The creation of new ditch and grip assets can be undertaken using capital funding.</li> </ul>

3. Impact on residents, businesses and other organisations:	
	<ul style="list-style-type: none"> <li>• No impact. Operational delivery would continue.</li> </ul>

4. Impact on other services we provide:	
	<ul style="list-style-type: none"> <li>• No direct impact. Operational delivery would continue.</li> </ul>

<b>5. Impact on staff:</b>
<ul style="list-style-type: none"> <li>No direct impact as a consequence.</li> </ul>

<b>6. Resources and support needed to make the change:</b>
<ul style="list-style-type: none"> <li>No resource/support needed to make the change.</li> </ul>

<b>7. Timescale to deliver and major milestones:</b>	
Milestone	Date
SCC to Instruct Skanska via Service Instruction/Task Order.	April 2019

<b>8. Risks and opportunities:</b>
<ul style="list-style-type: none"> <li>No impact. Operational delivery would continue.</li> </ul>

<b>9. Dependencies:</b>
N/A

<b>10. Initial Equality Impact Assessment:</b>
N/A

<b>11. Consultation and Communications plan:</b>
N/A

<b>12. Legal Implications:</b>
N/A

<b>13a. Financial Savings – net change to service budget in each year:</b>	
Are the savings evidenced based (evidence should be included with this template)?	Yes - Taken from base budget for Ditches & Grips.
If no, when is the evidence expected?	N/A

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£60,000	£	-£	£60,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£60,000</b>	<b>£</b>	<b>-£</b>	<b>£60,000</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		£

## Proposal for Change

### ECI1920-08 - Flood and Water Management Budget

Corporate Plan Priority:	
Service Area:	Economic and Community Infrastructure
Director:	Michele Cusack (Lead Director Paula Hewitt)
Strategic Manager	
SAP Node	109442

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>In-year saving from the Flood and Water Management Programme of works. This proposal is to reduce the funding in the 2019/20 programme by £80,000. This is the third successive year of this budget reduction.</p> <p>This will be achieved by:</p> <ul style="list-style-type: none"> <li>• Undertaking fewer flood risk management studies and options appraisals.</li> <li>• Designing and constructing fewer flood alleviation schemes.</li> </ul> <p>This proposal is for an £80,000 reduction in 2019/20 only, with the budget returning to the pre-saving level in 2020/21. The savings identified are a continuation of those accepted in 2018/19 for one additional year. The value of the saving is based on reducing the number of studies undertaken to identify flood risk areas and medium to long term scheme options, which would be used to secure external funding in future years. This approach to flood risk management programming forms part of the Lead Local Flood Authority's service improvement plan. The level of saving proposed has been based on ensuring we can deliver our statutory duties and continue with income generating projects, particularly those that support statutory functions.</p>	

**2a. Confidence level**

100 %

The programme of works for 2019/20 will be set based on the funding allocated. There is therefore a high confidence in delivery.

**3. Impact on residents, businesses and other organisations:**

Accepting this in-year saving will delay identification of flood alleviation measures and reduce our ability to secure funding contributions for larger programmes of work, for example using Flood Defence Grant in Aid.

This work cannot be taken forward by another authority. These services are linked to the County Council's duties as a Lead Local Flood Authority. This means the powers/responsibilities rest with the county council and not another authority. The nature and types of work it is proposed to defer are not suitable for community led initiatives.

While SCC could apply for additional funding for projects from the Somerset Rivers Authority (SRA) it was created to provide locally raised funding for enhanced protection and flood works in Somerset. Bidding for funding for activities that are part of SCC's core business whilst making savings will likely attract scrutiny and reputational damage for the council and potentially also for the SRA itself. SCC has sought funding for appropriate projects and initiatives in 2019/20 that meet the aims of the SRA. These applications are being assessed and the outcome is awaited.

**4. Impact on other services we provide:**

None

**5. Impact on staff:**

These proposals do not include an impact on staff numbers. There may be an impact on staff morale as the service provision aligns to the more statutory aspects of the role at the expense of long-term funding for better strategic outcomes.

**6. Resources and support needed to make the change:**

None

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Key decision		February 2019
Implement		March 2019
Proposal takes effect		Start of 2019/20

**8. Risks and opportunities:**

Reducing the number of studies that can be undertaken for a third successive year will delay our ability to implement service improvements aimed at securing funding for larger flood alleviation schemes. This approach is set out in the County

Council's Local Flood Risk Management Strategy for Somerset, the production of which is a statutory duty under the Flood and Water Management Act. This can lead to reputational damage and undermine the potential for collaborative working.

For example, as a Flood Risk Management Authority SCC is represented on the Wessex Regional Flood and Coastal Committee (Cllr David Hall). As a Lead Local Flood Authority SCC is expected to play its part in delivering on the national capital programme – in particular the national target of 300,000 better protected from flooding by 2020. SCC can make this contribution by applying for Flood Defence Grant in Aid (FDGiA) funding to deliver flood mitigation schemes. To secure funding there is a robust application and assessment process. Applying for funding allows us to maximise the outcomes achievable from our own budget as well as demonstrate our commitment to working with partners. To meet these requirements SCC needs to have identified candidate schemes and this is achieved by undertaking studies to assess flood risk and consider and evaluate potential mitigating measures.

Not proceeding with these studies will delay the implementation of this service improvement and prevent the preparation of robust business cases for FDGiA and other funding.

As a key contributor and host of the Somerset Rivers Authority partners may question our commitment to flood risk management activities at a time when additional funding is being raised through council tax for enhanced levels of flood protection.

**9. Dependencies:**

None

**10. Initial Equality Impact Assessment:**

No equality impacts are immediately apparent. The saving will be a one-off reduction in 2019/20 with the £80,000 being reinstated to the budget in 2020/21.

**11. Consultation and Communications plan:**

None

**12. Legal Implications:**

These proposals are for non-statutory activities. While not undertaking these activities could impact on our ability to deliver statutory services it is not envisaged this will be to an extent that would lead to a failure to deliver a statutory duty.

Are the savings evidenced based (evidence should be included with this template)?	See section 2 above
If no, when is the evidence expected?	
Please note: these figures should be cumulative	

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£80,000	£	-£	£80,000	One-off
2020/21	-£80,000	£	-£	-£80,000	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£</b>	<b>£</b>	<b>-£</b>	<b>£</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

## Proposal for Change

### ECI1920-09 - Highways – Winter & Emergency Service – Removal of Roadside Salt Supplies

Corporate Plan Priority:	
Service Area:	Highways Operations
Director:	Alyn Jones (Lead Director Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	EHDCFC

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
Removal of roadside salt supplies for self-help usage by the travelling public in winter conditions. Prior to 2018/2019 SCC policy was for salt to be supplied for this operation contained in grit bins and 1 tonne dumpy bags. This service was stopped for the winter of 2018/2019 as a one-off measure. Whilst this has been temporarily reinstated the proposal is to remove this provision as an ongoing measure from 2019/2020 onwards.

2a. Confidence level
100 % The service has demonstrated that it is able to deliver this saving by removing this service.

3. Impact on residents, businesses and other organisations:
This is a service that has traditionally been supplied by the County Council in order to promote self-help by the travelling public, residents, local businesses etc. This approach is promoted in Council publicity material and is supported on a national basis by the Department for Transport.



**4. Impact on other services we provide:**

Greater demand from the travelling public, residents, local businesses, District/Town/Parish Councils, Elected Members and others for additional roads to be included on the County Council's precautionary Salting Network.

**5. Impact on staff:**

No impact on staff.

**6. Resources and support needed to make the change:**

None – will be managed within the service area.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Decision		February 2019
Implementation		31 <sup>st</sup> March 2019

**8. Risks and opportunities:**

The proposal may adversely affect the ease of use and travel across the highway network in winter conditions.

The proposal will reverse the Council's current approach to the distribution of salt for self-help usage.

A Community Snow Warden scheme is to be piloted through winter 2019/20 to mitigate the effects of this service adjustment.

**9. Dependencies:**

Will rely upon the co-operation of the travelling public, residents, local businesses, District/Town/Parish Councils, Elected Members and others.

Any reduction in the Skanska budgets issued through the Annual Plan may affect the contractual revenue rebate.

**10. Initial Equality Impact Assessment:**

Yes. This affects access to the highway network for all.

**11. Consultation and Communications plan:**

Yes. Direct communication with District/Town/Parish Councils, Elected Members and others will be required. Communicating these changes to the wider public would require press release(s) and follow up interviews through local media channels. In order to mitigate the potential impact on communities the County Council has developed a proposal to offer to top up grit bins as a chargeable service. Changes to County Council publicity documents promoting the self-help approach and changes to the County Council website would be required.

A Community Snow Warden scheme will also be promoted following winter 2018/19.

**12. Legal Implications:**

None

**13a. Financial Implications – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
If no, when is evidence expected?	N/A

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (see also 13b)	Total	Ongoing or One-off?
2019/20	£40,000	£	-£	£40,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
Total	£40,000	£	-£	£40,000	

**13b. One off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
TOTAL		£

# Somerset Equality Impact Assessment

<b>Organisation prepared for</b>	<b>Somerset County Council</b>		
<b>Version</b>	<b>V1</b>	<b>Date Completed</b>	<b>31/10/2018</b>
<b>Description of what is being impact assessed</b>			
<b>SCC Financial Imperative Actions - Highways - Winter &amp; Emergency Service (Roadside Salt Supplies) – EC1920-09</b>			
<p>This proposal concerns roadside salt supplies for self-help usage by the travelling public in winter conditions. The proposal is to remove this provision of roadside salt (grit bin replenishment, 1 tonne dumpy bags and 25kg bags) for the winter of 2019/20 onwards.</p>			
<b>Evidence</b>			
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b>			
<ul style="list-style-type: none"> <li>• Evidence will be collated for this proposal through winter 2018/19 which will see this proposal implemented as a result of Cabinet decision dated 12 September 2018.</li> <li>• The local knowledge of the Somerset County Council (SCC) Highways Group of the Somerset highways network.</li> <li>• Suitably qualified and experienced personnel (SQEP) who have considerable experience in managing winter service.</li> <li>• Bench-marking against ‘Well Managed Highways – Code of Practice (2016)’ Minimum Winter Network.</li> <li>• Many years’ experience of contacts with local stakeholders who use the Somerset highways network.</li> <li>• SCC’s “Equality Act: Protected Characteristics – January 2013”. Although five years old, the data in relation to the protected characteristics that are relevant to this analysis are still appropriate.</li> </ul>			
<b>Who have you consulted with to assess possible impact on protected groups?</b>			

No formal consultation has been carried out with any protected groups who may be impacted by this proposal. However, as this proposal is being implemented through 2018/19, there will be dialogue with communities to manage and mitigate changes in service levels, in particular, the development of a Community Snow Warden Scheme. Further mitigation will be achieved by utilisation of farming contractors and other ad hoc activities depending on available resources.

SCC will invite Parish Councils to pay to have their grit bin topped up. This will enable engagement to happen with those most impacted by the proposal and allow for a better assessment of any issues that arise. A record of this will be maintained and will inform a review of the **Somerset County Council Winter & Emergency Policy Plan**.

#### Analysis of impact on protected groups

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
<b>Age</b>	<ul style="list-style-type: none"> <li>The proposals do have a greater impact on rural areas. Rural areas do have a larger proportion of older residents than urban areas.</li> <li>The proposals could impact access to schools and education facilities for children and young people.</li> </ul>	☒	☐	☐
<b>Disability</b>	<ul style="list-style-type: none"> <li>The removal of roadside salt supplies will make the urban highway network, including footways, less accessible and more hazardous than previously.</li> </ul>	☒	☐	☐
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	☐	☒	☐
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	☐	☒	☐

<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>The removal of roadside salt supplies will make the urban highway network, including footways, less accessible and more hazardous than previously. It will thus be less available for use by pregnant and new mothers and their support team and, if used, more hazardous to drive on.</li> </ul>	☒	☐	☐
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	☐	☒	☐
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	☐	☒	☐
<b>Sex</b>	<ul style="list-style-type: none"> <li>N/A – see Pregnancy / Maternity implications above.</li> </ul>	☐	☒	☐
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	☐	☒	☐
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li><u>Carers</u>. The removal of roadside salt supplies will make the urban highway network, including footways, less accessible and more hazardous than previously. It will thus be less available for use by carers accessing people who require care and, if used, more hazardous to drive on.</li> <li><u>Socio-economic</u>. The removal of roadside salt supplies will make the urban highway network, including footways, less accessible and more hazardous than previously. It will thus be less available for use by people getting to work or accessing other services and, if used, more hazardous to drive on.</li> <li><u>Rurality</u>. The proposals do have a greater impact on rural areas. The removal of roadside salt supplies will make the urban highway network, including footways, less accessible and more hazardous than previously. It will thus be less available for use by people travelling around rural areas and, if</li> </ul>	☒	☐	☐

	<p>used, more hazardous to drive on. Any public bus services will have a less accessible and more hazardous network to drive on.</p> <ul style="list-style-type: none"> <li>• <u>Isolation</u>. The proposals do have a greater impact on isolated groups, especially in rural areas. The removal of roadside salt supplies will make the urban highway network, including footways, less accessible and more hazardous than previously. It will thus be less available for use by people travelling around rural areas and, if used, more hazardous to drive on. Any public bus services will have a less accessible and more hazardous network to drive on.</li> </ul>			
Negative outcomes action plan				
Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Publicity by SCC in advance of the 2018/2019 winter season to alert all road users as to the changes to the network compared to the winter of 2017/2018 – to be replicated for future winter seasons.	01/04/2019	David Peake	Record kept of media interactions, internet and social media postings, direct communications with parish/town councils and elected members. Record of responses received from the travelling public, parish/town councils and elected members.	<input type="checkbox"/>
Section 3.3.1 of the Somerset County Council Winter & Emergency Policy Plan states that 'where conditions or events are unusual they are to be responded to by	01/04/2019	David Peake	Record kept of the number of requests	<input type="checkbox"/>

contacting a Client Representative and/or operative to carry out appropriate treatment'. This may be used to mitigate any impact to the equalities protected groups outlined above where it is deemed 'unusual'. The policy specifically references pregnant women going into labour.			that SCC Highways Group receives.	
Somerset County Council Winter & Emergency Policy Plan to be updated to ensure it is fit for purpose in light of these short term changes.	01/04/2019	David Peake	Record kept of the number of requests that SCC Highways Group receives	<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
To be reviewed.				
<b>Completed by:</b>	<b>David Peake</b>			
<b>Date</b>	<b>31<sup>st</sup> October 2018</b>			
<b>Signed off by:</b>	<b>Andrew Turner</b>			
<b>Date</b>	<b>31<sup>st</sup> October 2018</b>			
<b>Equality Lead/Manager sign off date:</b>	<b>3/12/2018</b>			
<b>To be reviewed by: (officer name)</b>	<b>David Peake</b>			
<b>Review date:</b>	<b>01/04/2019</b>			

## Proposal for Change

### ECI1920-10 - Highways Staff Structure Review

Corporate Plan Priority:	
Service Area:	Highways Maintenance (Operations)
Director:	Alyn Jones (Lead Director – Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>Asset management is a well-established discipline for the management of physical assets. Many asset owning organisations have adopted the principles of asset management and as a result, can demonstrate benefits in terms of financial efficiencies, improved accountability and stewardship of the asset, better value for money and improved customer service.</p> <p>The primary purpose of this Proposal for Change is to:</p> <ul style="list-style-type: none"> <li>• Fulfil the Highway Commissioning intentions set out in the Service Plan dated 2017/18 and 2018/19 for the creation of asset management function within ECI Operations after developing a risk-based approach based on 'Well managed highways infrastructure'.</li> <li>• To map out the approach in developing and implementing the asset management framework;</li> <li>• Provide the organisational platform for cohesive asset management across the service areas;</li> <li>• Facilitate the production of subsequent business cases for related investment (e.g. DfT Incentive funding, SRA funding, etc);</li> <li>• Enable the development of corporate planning and the setting of associated budgets; and</li> <li>• Allow the identification and provision of best value investment opportunities across all highway assets; and above all</li> </ul>	



- Inform the resources and staffing structure to deliver the above.

However, whilst this service redesign activity is undertaken, a number of posts in the Highways Operations service will be held vacant. This will enable an equivalent saving to be delivered in the short to medium term (0-9months) prior to determining the changes to the service structure.

### 2a. Confidence level

80%

The asset management project is in its early stages and the Project Initiation Document (PID) is currently in draft form. As such, there is a significant amount of work to do to meet the key deliverables of the project which are:-

- An integrated asset management plan;
- Lifecycle plans for each service area; and
- Review of policy and levels of service.

Whilst there is potential and likelihood for restructure, it is too early in the project timeline to be definitive on the grades / numbers of staff in scope.

An equivalent saving will be realised in the short to medium term by holding vacancies within the service.

### 3. Impact on residents, businesses and other organisations:

No

### 4. Impact on other services we provide:

The asset management project will be seeking to provide an integrated approach across Highways Operations so the function and output of the various teams may be in scope.

### 5. Impact on staff:

A small number of posts might be lost and will be identified through a restructure at the appropriate time.

*The number of FTE that might be lost is:*   
*The number of posts that might be lost is:*

### 6. Resources and support needed to make the change:

Project management resource has been secured – a dedicated Project Manager is assigned to this task working (approx. one day per week)

Project support officer support is required but this resource has not been secured.

### 7. Timescale to deliver and major milestones:

	Milestone	Date
Project completion		31 March 2019

Staff consultation	Late spring / early summer 2019
Restructure implementation	Autumn 2019

#### 8. Risks and opportunities:

- Savings not realised through staff restructuring;
- Integration of disparate service areas proves unviable;
- Robustness and futureproofing of operating systems for management and interpretation of data requiring the need for further changes; and
- Fundamental shift from Central Government funding structures.

#### 9. Dependencies:

The proposed restructuring will also be considered in conjunction with other restructuring opportunities across ECI.

#### 10. Initial Equality Impact Assessment:

Not required

#### 11. Consultation and Communications plan:

Staff consultation but will be required at a later date. To be undertaken at the completion of the asset management project after work stream activities are defined and therefore greater clarity on resources is required to fulfil tasks.

#### 12. Legal Implications:

This proposal is at an early stage and so will need to be considered when developed fully. Once proposals are finalised, specific legal advice may be required

#### 13a. Financial Savings – net change to service budget in each year:

Are the savings evidenced based (evidence should be included with this template)?	No
If no, when is the evidence expected?	Qtr1 19/20

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£80,000	£	-£	£80,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£80,000</b>	<b>£</b>	<b>-£</b>	<b>£80,000</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		£

# Proposal for Change

## ECI1920-11 - Reduction of the Reactive Jetting budget

### Routine and Environmental maintenance Project

Corporate Plan Priority:	
Service Area:	Highways Maintenance (Operations)
Director:	Alyn Jones (Lead Director – Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
Proposal to reduce the reactive jetting budget. This proposal would remove £40k from the overall £158k countywide base budget.

2a. Confidence level
<input type="text" value="100"/> % <ul style="list-style-type: none"> <li>• Adjustment required to Annual Plan</li> <li>• Service Instruction issued to Skanska in advance of the 2019/2020 financial year commencing.</li> </ul>

3. Impact on residents, businesses and other organisations:
<ul style="list-style-type: none"> <li>• Medium impact on communities and business. The change would see a reduction in operational output.</li> </ul>

4. Impact on other services we provide:
<ul style="list-style-type: none"> <li>• Highly probable direct increases in revenue spend on reactive gully cleaning works.</li> </ul>

<b>5. Impact on staff:</b>
<ul style="list-style-type: none"> <li>No direct impact as a consequence.</li> </ul>

<b>6. Resources and support needed to make the change:</b>
<ul style="list-style-type: none"> <li>No resource/support needed to make the change.</li> </ul>

<b>7. Timescale to deliver and major milestones:</b>	
Milestone	Date
SCC to Instruct Skanska via Service Instruction/Task Order.	April 2019

<b>8. Risks and opportunities:</b>
<p>20. Risk of affecting the overall contract turnover and subsequent revenue rebate.</p> <p>21. Potential for contractual early warning notices/Compensation event with Skanska.</p> <p>22. Potential for more gully reactive works orders to be raised.</p> <p>23. Potential increase in localised carriageway surface water flooding, accidents, third party damage.</p> <p>24. Potential insurance implications.</p> <p>25. Potential accelerated rate of deterioration to the carriageway surface course due to running surface water between blocked gullies. Greater future maintenance liability costs to rectify damage.</p> <p>26. Potential accelerated rate of deterioration to the highway pavement due to water ingress. Greater future maintenance liability costs to rectify damage.</p> <p>27. SCC to continue to work with the SRA in order to seek funding for enhanced maintenance works programmes</p> <p>28. Reputational damage.</p>

<b>9. Dependencies:</b>
N/A

<b>10. Initial Equality Impact Assessment:</b>
Not applicable

<b>11. Consultation and Communications plan:</b>
N/A

<b>12. Legal Implications:</b>
<p>There is a risk that if flooding occurs, SCC may be in breach of its duty to protect neighbouring land from flooding. There is also the potential for contractual early warning notices and compensation events with Skanska, resulting from their expectation of levels of business.</p>

<b>13a. Financial Savings – net change to service budget in each year:</b>	
Are the savings evidenced based (evidence should be included with this template)?	Yes – Taken from base budget for Jetting

If no, when is the evidence expected?

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£40,000	£	-£	£40,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£40,000</b>	<b>£</b>	<b>-£</b>	<b>£40,000</b>	

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

# Somerset Equality Impact Assessment

<b>Organisation prepared for</b>	Somerset County Council		
<b>Version</b>	1	<b>Date Completed</b>	30/10/2018
<b>Description of what is being impact assessed</b>			
<p><b>The reduction to the reactive jetting budget (ECI1920-11)</b>                  This proposal is to:</p> <ul style="list-style-type: none"> <li>• Reduce the Reactive Jetting budget.</li> <li>• Remove £40k from the original, countywide, base budget.</li> </ul>			
<b>Evidence</b>			
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b>			
The impact is expected to be low.			
<b>Who have you consulted with to assess possible impact on protected groups?</b>			
No formal consultation required as this is a service reduction. All reactive / emergency works will continue as required.			
<b>Analysis of impact on protected groups</b>			
<b>Protected group</b>	<b>Summary of impact</b>	<b>Negative outcome</b>	<b>Neutral outcome</b>
			<b>Positive outcome</b>

<b>Age</b>	<ul style="list-style-type: none"> <li>The proposals may have a greater impact on older residents and children as a reduction in jetting of blocked drainage systems may cause increased flooding and may impede access to the local network and/or impede pedestrian walk ways.</li> </ul>	☒	☐	☐
<b>Disability</b>	<ul style="list-style-type: none"> <li>Increased flooding may impede access to the local network and/or impede access to pedestrian links.</li> </ul>	☒	☐	☐
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>Increased flooding may impede access to the local network and/or impede access to pedestrian links.</li> </ul>	☒	☒	☐
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Sex</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	☐	☒	☐



<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>N/A. The proposal is a reduction in operations only, not a change or deviation from existing policy.</li> </ul>	□	⊗	□
<b>Negative outcomes action plan</b>				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
Service reductions are not expected to have any significant impacts. In the unlikely event that safety or serviceability issues arise, they will be dealt with using the reactive safety defect programme of work (which remains unaffected by these proposals). This is a statutory duty of the local authority and remains in place.	01/04/2019	Andrew Turner	The impact managed through the Reactive Safety Defect Programme.	□
By way of mitigation, SCC will to continue to work with the SRA in an attempt to seek funding for enhanced maintenance works which may occur as a result of this proposal. Bid submitted to SRA. Success of bid to be known December 2018	31/12/2018	Andrew Turner	Through conversations with the SRA	□
<b>If negative impacts remain, please provide an explanation below.</b>				
N/A				
<b>Completed by:</b>	Neil McWilliams			
<b>Date</b>	30/10/2018			
<b>Signed off by:</b>	Andrew Turner			

<b>Date</b>	<b>31/10/2018</b>
<b>Equality Lead/Manager sign off date:</b>	<b>3/12/18</b>
<b>To be reviewed by: (officer name)</b>	<b>Neil McWilliams</b>
<b>Review date:</b>	<b>March 2019</b>

# Proposal for Change

## ECI1920-013 - Highways – Winter & Emergency Service (Gritter Fleet Disposal)

Corporate Plan Priority:	
Service Area:	Highways
Director:	Alyn Jones (Lead Director Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	EHDCFC

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
To sell the three gritters which have been replaced by new gritters purchased in advance of the 2018/19 winter season. The gritters are no longer required to support service delivery.

2a. Confidence level
100 % The gritters are no longer required.

3. Impact on residents, businesses and other organisations:
No impact on residents, businesses and other organisations. SCC will still retain enough gritters to undertake the routes in the identified in the current winter service policy

4. Impact on other services we provide:
None

5. Impact on staff:
No impact on staff.

**6. Resources and support needed to make the change:**

Resources required from Fleet Management to dispose of the gritters.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Winter of 2018/2019		31 <sup>st</sup> March 2019

**8. Risks and opportunities:**

No risks as the three gritters are redundant fleet.

**9. Dependencies:**

There are no dependencies associated with the 19/20 saving.

**10. Initial Equality Impact Assessment:**

Not applicable

**11. Consultation and Communications plan:**

None

**12. Legal Implications:**

None

**13a. Financial Implications – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes				
If no, when is evidence expected?	N/A				
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£27,000	£	-£	£27,000	One off
2020/21	£-27,000	£	-£	£-27,000	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
Total	£	£	-£	£	

**13b. One off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£

	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

## Proposal for Change:

### ECI1920-14 - Highways - Disposal of Land Rover Fleet

Corporate Plan Priority:	
Service Area:	Highways
Director:	Alyn Jones (lead Director Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	EHDCFC

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>Following the review and revision of the Winter Service Policy, there is no requirement for SCC operational staff to drive in challenging climatic conditions that would necessitate the specific provision of a 4x4 vehicle.</p> <p>The fuel saving resulting from the disposal of the Land Rover fleet is estimated to be almost £16,000 (£3,200 per annum) based on approximate running costs of a Land Rover with an average staff mileage of around 8,500 miles per year over a five-year period.</p> <p>Additionally, there will be a capital receipt estimated around £75,000 associated with the disposal of the Land Rover fleet.</p> <p>Additional reasons to support the disposal include:-</p> <ul style="list-style-type: none"> <li>• With the exception of one vehicle, the Land Rover fleet are all blue in colour which is inconsistent with the requirements of Chapter 8 of the Traffic Signs Manual, Part 2;</li> <li>• The vehicles are uncomfortable and difficult to drive over prolonged periods, especially on the urban network whilst undertaking safety and serviceability inspections. The discomfort has attracted complaints from operational staff;</li> </ul>

including two occasions of back strains due to prolonged use of the vehicles.

- The expense associated with poor fuel efficiency.
- The emissions are proportionally higher than a conventional vehicle.

**2a. Confidence level**

100 %

The five Land Rovers are no longer required for operational service requirements due to adjustments in working practices and service contingencies.

**3. Impact on residents, businesses and other organisations:**

No impact on residents, businesses and other organisations.

SCC will retain access to 4x4 vehicles on a 'call-off' basis in the event service-critical highway staff require transportation to their work place during periods of severe inclement weather.

**4. Impact on other services we provide:**

None

**5. Impact on staff:**

No impact on staff.

**6. Resources and support needed to make the change:**

Resources required from Fleet Management to dispose of the Land Rover fleet.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
	Winter of 2018/2019	By 31 <sup>st</sup> March 2019

**8. Risks and opportunities:**

The only occasion when 4x4 vehicles would be required is to transport service-critical staff to their work place. A mitigation/ transportation plan is currently being concluded to ensure service resilience in the event of severe inclement weather.

**9. Dependencies:**

None

**10. Initial Equality Impact Assessment:**

Not applicable

**11. Consultation and Communications plan:**

None

**12. Legal Implications:**

None

<b>13a. Financial Implications – net change to service budget in each year:</b>					
Are the savings evidenced based (evidence should be included with this template)?					Yes
If no, when is evidence expected?					N/A
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£3,200	£	-£	£3,200	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£3,200</b>	<b>£</b>	<b>-£</b>	<b>£3,200</b>	

<b>13b. One off project costs and income (not included in above):</b>		
£'s		
2019/20	Capital Costs	-£
	Capital Receipts	£75,000
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£75,000
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£75,000</b>



## Proposal for Change:

### ECI1920-17 – Reduce Traffic Management and Parking Services revenue costs

Corporate Plan Priority:	
Service Area:	Traffic Management and Road Safety
Director:	Alyn Jones (Lead Director Paula Hewitt)
Strategic Manager	Bev Norman
SAP Node	EHDF

1. The proposal is to:	
X	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p>Review how Traffic Management and Parking services are undertaken with a view to reducing the revenue budget by £100K. This will include ensuring full cost recovery, income generation and service re-design by bringing Parking Services into the Traffic Management service structure.</p> <p>Resources to support the development and implementation of these proposals including the Parking Review have been made available by refocusing existing traffic engineering resources.</p> <p>Local SCC Traffic Engineers no longer deal with individual and very local traffic engineering requests that benefit a small number of individuals, including requests for new or amendments to existing signing, lining, speed limits, HGVs restrictions, disabled parking bays etc but focus on those schemes which have the greatest benefit. These minor requests will be included in the wider parking review for the area and form part of the evidence base for road safety and congestion issues.</p>

**2a. Confidence level**

90%:

An additional £100K saving from the revenue budget will be achieved through full cost recovery, income generation and service re-design.

**3. Impact on residents, businesses and other organisations:**

The service re-design, particularly in relation to a Parking Review may impact on residents and businesses, however individual impact assessments will be undertaken as required.

**4. Impact on other services we provide:**

None identified

**5. Impact on staff:**

Resources to support the development and implementation of these proposals including the Parking Review have been made available by refocusing existing traffic engineering resources.

**6. Resources and support needed to make the change:**

None identified

**7. Timescale to deliver and major milestones:**

	Milestone	Date
	Review existing structures in Traffic Management and Parking Services and implement any changes	End Feb 2019
	Review chargeable services to ensure full cost recovery	End Feb 2019
	Commence Countywide Traffic and Parking review (key decision 21/12/18)	Jan 2019

**8. Risks and opportunities:**

Any risks and opportunities will be identified as an outcome of the area reviews described above.

**9. Dependencies:**

None.

**10. Initial Equality Impact Assessment:**

No not at this stage

**11. Consultation and Communications plan:**

There will be extensive consultations as part of each review.

**12. Legal Implications:**

All of the services delivered in Traffic Management, Parking and Road Safety are statutory duties. Under the Traffic Management Act 2004, if the authority fails to perform its duty to manage the highway network, the Department for Transport can appoint a traffic director to ensure that the duty is performed properly. The Local Authority will be expected to pay the full costs of this.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)? [N/A]

If no, when is the evidence expected? [ ]

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£50,000	£50,000	-£	£100,000	One off but reassess following 19/20
2020/21	£	£	-£	£-100,000	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£</b>	<b>£</b>	<b>-£</b>	<b>£</b>	

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

# Proposal for Change

## ECI1920-19 - Further reduction in Road Safety and Transport Data service.

Corporate Plan Priority:	
Service Area:	Traffic Management and Road Safety
Director:	Alyn Jones (Lead Director – Paula Hewitt)
Strategic Manager	Bev Norman
SAP Node	EHDF

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
x	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p>Reduce revenue costs by £150,000 in 2019/20 by reducing the Road Safety and Transport Data services towards a statutory minimum funded from SCC budgets. This is a 22% reduction of the total revenue budget.</p> <p>These savings will be achieved by reducing the money spent on road safety education, including events and data analysis as well as raising income to cover some of this activity through external sponsorship.</p> <p>Service delivery will be maintained to ensure compliance with the relevant statutory requirements (set out below).</p>	

2a. Confidence level	
90	%
<p>SCC has only very recently developed its Road Safety Strategy and part of SCC's commitment is to work with our partners to make every journey in Somerset Safer. With reduced revenue funding this is going to be very difficult for us to achieve. There is a commitment to adopt a Safer Systems approach to road safety in the County.</p>	

**3. Impact on residents, businesses and other organisations:**

There is a potential impact for all users of Somerset’s highway network as a result of reduced road safety education not being as available; increased congestion as a result of delays caused by road traffic accidents; and increased costs to other partners and stakeholders i.e. emergency services.

**4. Impact on other services we provide:**

The road safety strategy has direct links to public health objectives associated with increasing activity levels. If roads are perceived to be less safe, then this impacts on the County Vision for promoting healthy residents. These activities could be supported through sponsorship and income generation.

**5. Impact on staff:**

A small number of posts might be lost and will be identified through a restructure at the appropriate time

The number of FTE that might be lost is: **TBC**  
The number of posts that might be lost is: **TBC**

**6. Resources and support needed to make the change:**

Income and sponsorship funding could help to offset some of this change, and to provide additional income to support service delivery.

**7. Timescale to deliver and major milestones:**

Implementation	1 <sup>st</sup> April 2019
----------------	----------------------------

**8. Risks and opportunities:**

**Risks**  
The reduction in road safety delivery risks could influence the number of people hurt in road collisions, including those fatally and seriously injured. Less data resources will make the team less responsive to requests for data including local communities, and for input into schemes and highway monitoring.

**Opportunity**  
The road safety team are already planning to launch a sponsorship programme to try to support our work. Income through charging to be reviewed.  
A procurement exercise to cover the Transport Data database has been approved, as with less resources we need access to the most flexible, modern, easy to use, and best value system to enable the data to be accessed and manipulated with minimum input.

**9. Dependencies:**

None

**10. Initial Equality Impact Assessment:**

Yes – an EIA has been produced

**11. Consultation and Communications plan:**

No external consultation required in addition to general MTFP consultation.

## 12. Legal Implications:

While central government sets the regulatory framework for roads, vehicles and road users, and national road safety strategies, road safety delivery occurs primarily at the local level with Local Government being the lead delivery agent, working in partnership with many other agencies and stakeholders.

Local Authorities Local authorities have various statutory duties related to road safety:

The Road Traffic Act 1988 (Section 39) requires local authorities in Great Britain to

- take steps both to reduce and prevent accidents
- prepare and carry out a programme of measures designed to promote road safety
- carry out studies into accidents arising out of the use of vehicles on roads or part of roads, other than trunk roads, within their area
- take such measures as appear to the authority to be appropriate to prevent such accidents

The Road Traffic Regulation Act 1984 (Section 122) requires local authorities in Great Britain to

- to secure the expeditious, convenient and safe movement of vehicular and other traffic (including pedestrians)

The Traffic Management Act 2004 (Section 16) requires local authorities in England and Wales to manage and maintain their road networks to

- secure the expeditious movement of traffic on, and the efficient use of, their road networks
- avoid, eliminate or reduce road congestion or other disruption to the movement of traffic on their road network or a road network for which another authority is the traffic authority.

We do not believe that a reduced service will affect SCC's ability to fulfil its statutory responsibility for Road Safety.

## 13a. Financial Implications – net change to service budget in each year:

Are the savings evidenced based (evidence should be included with this template)?

Yes

If no, when is evidence expected?

Please note: these figures should be cumulative

£'000's	Savings	Income Generated	Cost Involved (see also 13b)	Total	Ongoing or One-off?
2019/20	£150,000	£	-£	£150,000	ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
Total	£150,000	£	-£	£150,000	

<b>13b. One off project costs and income (not included in above):</b>		
<b>£'000's</b>	<b>N/A</b>	
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
<b>TOTAL</b>		<b>£</b>

# Somerset Equality Impact Assessment

<b>Organisation prepared for</b>	<b>Somerset County Council</b>		
<b>Version</b>	<b>1</b>	<b>Date Completed</b>	<b>2/11/18</b>
<b>Description of what is being impact assessed</b>			
<p><b>EC119 Reduce the budgets allocated to the Road Safety Trainer and Projects delivery of the road safety training and education.</b></p> <p>These budgets enable road safety education delivery to children, older road users and other vulnerable road users group such as motorcyclists and young drivers. Reduce Road Safety Project Support post to 10 hours. Total Saving £30,000. This a 50% reduction of the budget in these areas.</p>			
<b>Evidence</b>			
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b>			
<p>The Road Traffic Act states that local authorities must carry out studies into accidents arising out of the use of vehicles. The above are part of the team which leads the evidenced based approach to road safety delivery, which can demonstrate a reduction in people injured on Somerset’s roads, particularly those killed and seriously injured.</p> <p>Any reduction in service will have an impact across all groups that use our highway network, including drivers, pedal cyclists, pedestrians, mobility scooter users, children, the elderly, and those with mobility impairments.</p> <p>The Road Safety Service currently deliver to around 30,000 people per year, some aspects generate income, as some programmes are performed for other authorities. If resources are reduced then this may not be feasible.</p> <p>Research has indicated that social deprivation is associated with increased injury and fatality levels in road traffic collisions, therefore Somerset residents living in deprived areas may suffer more under this proposal.</p> <p>The proposal could also impact on schools and education facilities for children and young people, as well as their parents and grandparents, and disabled people. Joint Strategic Needs Assessment highlights that children are affected by the physical environment in which they are brought up. <a href="http://www.somersetintelligence.org.uk/joint-strategic-needs-assessment-2015/16.pdf">http://www.somersetintelligence.org.uk/joint-strategic-needs-assessment-2015/16.pdf</a></p> <p>For example, some communities have been described as “obesogenic” – encouraging obesity and overweight in people who live there. This can be because exercise is difficult, with limited open space and sports facilities, including in schools. It may be difficult</p>			



to incorporate exercise into daily life in some communities; walking or cycling to school or playing in the street are far less attractive when traffic is busy and the infrastructure for pedestrians and cyclists is poor, or there are fears about unsafe travel. This could also lead to increased congestion and lower air quality if parents/carers decide to drive their children to school. The Somerset Children and Young People's Plan 2016-2019 highlights promoting healthy outcomes and giving children the best start in life. If people feel travel is less safe affecting the likelihood of cycling and walking.

### Who have you consulted with to assess possible impact on protected groups?

There has been no specific consultation with affected groups. A local authority can determine how it delivers its service in this area. Consultation did take place earlier this year over the new Road Safety Strategy, this was supported by the respondents.

### Analysis of impact on protected groups

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<ul style="list-style-type: none"> <li>Reduced ability to carry out road safety remedial education work. Older road users are the age group in our injury collision statistics which are currently not reducing in line with our target. There is a risk that this will lead to an increase in deaths and other injuries.</li> </ul>	☒	☐	☐
Disability	No significant impact identified	☒	☐	☐
Gender reassignment	No significant impact identified	☐	☒	☐
Marriage and civil partnership	No significant impact identified	☐	☒	☐

<b>Pregnancy and maternity</b>	No significant impact identified	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Race and ethnicity</b>	No significant impact identified	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Religion or belief</b>	No significant impact identified	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Sex</b>	No significant impact identified	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Sexual orientation</b>	No significant impact identified	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>Those within the community who live in deprived areas are more likely to be involved in road injury collisions therefore this group could be affected by the reduced capacity in Road Safety Education.</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Negative outcomes action plan</b>				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
Alternative funding sources will be sought	28/01/2019	Nick Cowling	Sponsorship will be recorded	<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
It is not guaranteed that funding will be available.				

<b>Completed by:</b>	<b>Nick Cowling</b>
<b>Date</b>	<b>18/11/18</b>
<b>Signed off by:</b>	<b>Bev Norman</b>
<b>Date</b>	<b>3/12/18</b>
<b>Equality Lead/Manager sign off date:</b>	<b>3/12/18</b>
<b>To be reviewed by: (officer name)</b>	<b>Nick Cowling</b>
<b>Review date:</b>	<b>March 2019</b>

## Proposal for Change:

### ECI1920-20 - Rights of Way - reduction of Town & Village Green budget and reduction of Exmoor National Park Authority contribution

Corporate Plan Priority:	
Service Area:	ECI Operations - Highways
Director:	Alyn Jones (Lead Director – Paula Hewitt)
Strategic Manager	Andrew Turner
SAP Node	EHDCK

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p><b>Surrender Town &amp; Village Green budget of £15k for 2019/20</b></p> <p>A one-off in-year saving of £15k can be surrendered in relation to Town &amp; Village Green registrations. This would be the second year of surrendering this budget.</p> <p><b>Exmoor National Park Authority (ENPA) contribution – reduce by £5k</b></p> <p>The current contribution from the Council to ENPA for delivery of statutory functions in relation to rights of way is £28,046. It is proposed that this could be reduced by £5,000 to £23,046. This would be the second year of a reduction in the contribution.</p>

2a. Confidence level		
<table border="1"> <tr> <td>100</td> <td>%</td> </tr> </table> <p>Both savings are deliverable.</p>	100	%
100	%	

**3. Impact on residents, businesses and other organisations:**

Where there are Town & Village Green applications local inhabitants will possibly be denied access to the potential Greens. There is no guarantee that the applications will succeed. The oldest application dates from 2010. There are currently no applications that are holding up development.

The performance of ENPA in relation to rights of way may start to decline. They generally provide to a higher standard than the Council can afford to do across the rest of the County. Any decline in the 'ease of use' of ENP's rights of way may have an impact on tourism and local businesses.

**4. Impact on other services we provide:**

N/A

**5. Impact on staff:**

N/A

**6. Resources and support needed to make the change:**

N/A

**7. Timescale to deliver and major milestones:**

Milestone	Date
Inform ENPA of the reduction in revenue contribution.	Following MTFP decision

**8. Risks and opportunities:**

**Risks:**

Not processing a Town & Village Green application for 2 years running could lead to applicants having to wait up to 9 years and could lead to a claim of failing to process these applications under the Commons Act 2006 and/or a complaint to the Local Government Ombudsman. There are currently 6 applications awaiting determination.

Reducing the contribution to ENPA could lead to a decline in the accessibility of the rights of way and may have a knock-on effect on tourism linked to walking, riding and cycling.

**Opportunities:**

ENPA already has a volunteer workforce, and a further reduction in budget may be an opportunity for greater involvement of the volunteers in rights of way work. Businesses may also see it as an opportunity to help where they can.

ENPA also has an opportunity to bid for funding from the RoW capital budget in relation to capital rights of way works, subject to available allocation.

**9. Dependencies:**

N/A

**10. Initial Equality Impact Assessment:**

N/A

**11. Consultation and Communications plan:**

N/A

**12. Legal Implications:**

Following consultation with the ENPA it has been agreed that a 5k reduction will be implemented for 2019/20. The ENPA will continue to manage and maintain the relevant statutory functions in relation to Rights of Way without any significant implications to level of service. SCC is satisfied that adequate measures are in place in relation to Rights of Way

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)?	Yes
---	-----

If no, when is the evidence expected?	
---------------------------------------	--

Please note: these figures should be cumulative

**Town & Village Green saving**

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£15,000	£0	-£0	£15,000	One off
2020/21	-£15,000	£0	-£0	-£15,000	
2021/22	£0	£0	-£0	£0	
2022/23	£0	£0	-£0	£0	
2023/24	£0	£0	-£0	£0	
<b>Total</b>	<b>£0</b>	<b>£0</b>	<b>-£0</b>	<b>£0</b>	

**ENPA contribution saving**

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£5,000	£0	-£0	£5,000	Ongoing
2020/21	£0	£0	-£0	£0	
2021/22	£0	£0	-£0	£0	
2022/23	£0	£0	-£0	£0	
2023/24	£0	£0	-£0	£0	
<b>Total</b>	<b>£20,000</b>	<b>£0</b>	<b>-£0</b>	<b>£20,000</b>	

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£

	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

# Proposal for Change

## ECI1920-21 - Monmouth House Lease Surrender

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager:	Claire Lovett
SAP Node	EIJC

1. The proposal is to:	
X	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p><b>Monmouth House Lease Surrender</b></p> <p>Surrender of under-utilised lease of Monmouth House (leased in) and move of Somerset Waste Partnership to Broughton House (SCC owned property) with associated rental income.</p>

2a. Confidence level
<p>100%</p> <p>This change is already in the delivery phase, but securing the saving will depend upon the readiness of the new accommodation (works are required to make it ready for occupation) and the timing of the move.</p>

3. Impact on residents, businesses and other organisations:
<p>No impact on residents.</p> <p>There is clearly an impact on the Somerset Waste Partnership and we have been working closely with them to ensure the replacement accommodation is suitable.</p>



**4. Impact on other services we provide:**

None.

**5. Impact on staff:**

None

**6. Resources and support needed to make the change:**

None save property, legal and SWP staff in implementing the change. The majority of work in this respect has been completed and is therefore in the nature of sunk cost.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Implementation		31 Jan 2019

**8. Risks and opportunities:**

N/A

**9. Dependencies:**

No dependencies on other teams – delivery is dependent upon getting the required works to the property completed on time

**10. Initial Equality Impact Assessment:**

Not relevant in this instance.

**11. Consultation and Communications plan:**

No.

**12. Legal Implications:**

N/A.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidence based (evidence should be included with this template)?	Yes (current costs saved and agreed rental to be paid)
--	--

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£90,000	£	-£	£90,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£90,000</b>	<b>£</b>	<b>-£</b>	<b>£90,000</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of Redundancy costs	-£0
	Estimate of Resource costs to deliver	-£0
	Sub-total	£0
2020/21	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
<b>TOTAL</b>		<b>£0</b>

## Proposal for Change

### ECI1920-22 - Vacation of 1 The Crescent, Taunton

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager:	Claire Lovett
SAP Node	EIJL

1. The proposal is to:	
X	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<b>Vacation of 1 The Crescent, Taunton and Lease Surrender</b>
Surrender of lease of surplus building (leased in) and move of teams to underutilised first floor of Paul Street Library.

2a. Confidence level
100%
This change is already in the delivery phase, but securing the saving will depend upon the readiness of the property (works/activities are required to make it ready for occupation) and the timing of the move.
This proposal is about early delivery of savings identified through the A Block project.

3. Impact on residents, businesses and other organisations:
No impact on residents.
There is clearly an impact on the teams involved and we have been working closely with them and the Library Service to ensure a smooth transition.

**4. Impact on other services we provide:**

None.

**5. Impact on staff:**

N/A

**6. Resources and support needed to make the change:**

None save property, legal and service staff in implementing the change. The majority of work in this respect has been completed and is therefore in the nature of sunk cost.

**7. Timescale to deliver and major milestones:**

Milestone	Date
Implementation	1/4/2019

**8. Risks and opportunities:**

N/A

**9. Dependencies:**

No dependencies other than on those already directly engaged in the project.

**10. Initial Equality Impact Assessment:**

Not relevant in this instance.

**11. Consultation and Communications plan:**

No.

**12. Legal Implications:**

N/A.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidence based (evidence should be included with this template)?	Yes (current costs saved and agreed rental to be paid)
--	--

If no, when is the evidence expected?	N/A
---------------------------------------	-----

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£85,000	£	-£	£85,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£85,000</b>	<b>£</b>	<b>-£</b>	<b>£85,000</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of Redundancy costs	-£0
	Estimate of Resource costs to deliver	-£0
	Sub-total	£0
2020/21	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
<b>TOTAL</b>		<b>£0</b>

## Proposal for Change

### ECI1920-23 - New Rental Income

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager:	Claire Lovett
SAP Node	EIJHC

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<b>New Rental Income for Production Kitchen</b>	
<p>This relates to rental for a production kitchen unit on the old St Augustine's site. The current tenant only paid rental based on profitability as a legacy of the Free School Meals project but has served notice. A new tenant/provider is being sought for the unit.</p>	

2a. Confidence level	
60%	<p>There is a risk that no tenant or new provider can be found to take on the unit or that a deal is done which again relies on profitability and is therefore less assured. Our group is not in control of delivery.</p>

3. Impact on residents, businesses and other organisations:	
None.	

4. Impact on other services we provide:	
None.	

<b>5. Impact on staff:</b>
N/A

<b>6. Resources and support needed to make the change:</b>
Procurement and Childrens' have an input here as we understand a replacement provider is wanted, otherwise property would seek a tenant in the normal way.

<b>7. Timescale to deliver and major milestones:</b>	
Milestone	Date
Implementation	August 2019

<b>8. Risks and opportunities:</b>
N/A

<b>9. Dependencies:</b>
Procurement/Education input/delivery needed – further discussion required.

<b>10. Initial Equality Impact Assessment:</b>
Not relevant in this instance.

<b>11. Consultation and Communications plan:</b>
No.

<b>12. Legal Implications:</b>
N/A.

<b>13a. Financial Savings – net change to service budget in each year:</b>					
Are the savings evidence based (evidence should be included with this template)?					Yes
If no, when is the evidence expected?					N/A
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£	£20,000	-£	£20,000	One-off
2020/21	£	£-20,000	-£	£-20,000	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£</b>	<b>£</b>	<b>-£</b>	<b>£</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of Redundancy costs	-£0
	Estimate of Resource costs to deliver	-£0
	Sub-total	£0

2020/21	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
TOTAL		£0



# Proposal for Change:

## ECI1920-24 – Staff Restructure

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager	Claire Lovett
SAP Node	EIJJB

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p><b>Restructure</b></p> <p>Loss of Apprentice Role – as an apprenticeship in our Estates Team comes to an end, this proposal would involve removing that post from the structure and covering those functions previously carried out by the apprentice through re-distribution of those functions among the remaining team and re-prioritisation of other tasks.</p>

2a. Confidence level
100 %

3. Impact on residents, businesses and other organisations:
None

4. Impact on other services we provide:
None

5. Impact on staff:		
<p>The number of FTE that might be lost is: <table border="1" style="display: inline-table;"><tr><td>1</td></tr></table></p> <p>The number of posts that might be lost is: <table border="1" style="display: inline-table;"><tr><td>1</td></tr></table></p>	1	1
1		
1		

**6. Resources and support needed to make the change:**

Finance and HR advice required

**7. Timescale to deliver and major milestones:**

Milestone	Date
Implementation date	Jan 2019

**8. Risks and opportunities:**

Loss of staff in Estate and CHSU may have compliance implications and make it more likely that Health and Safety risks are less closely managed.

**9. Dependencies:**

None

**10. Initial Equality Impact Assessment:**

Not in this instance

**11. Consultation and Communications plan:**

No

**12. Legal Implications:**

None

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidenced based (evidence should be included with this template)? Yes

If no, when is the evidence expected?

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£13,000	£	-£	£13,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£13,000</b>	<b>£</b>	<b>-£</b>	<b>£13,000</b>	

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£
	Capital Receipts	£
	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£

	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

## Proposal for Change:

### ECI1920-24a – Staff restructure

Corporate Plan Priority:	
Service Area:	Property Services
Director:	Paula Hewitt
Strategic Manager	Claire Lovett
SAP Node	EIJM

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
Flexible Retirement – following discussions with one member of staff, there has been an application for flexible retirement which would see a full time post reduced to 3/5.

2a. Confidence level
60 % Further work is needed on viability and service impact and the flexible retirement in particular will need to be agreed with input required from the individual, Finance and HR.

3. Impact on residents, businesses and other organisations:
None

4. Impact on other services we provide:
We will be less able to respond to enquiries from other services, Members partners and the public. We will be asking other members of staff to take on more.

<b>5. Impact on staff:</b>	
<i>The number of FTE that might be lost is:</i>	0.4
<i>The number of posts that might be lost is:</i>	0.4

<b>6. Resources and support needed to make the change:</b>
Finance and HR advice and agreement needed.

<b>7. Timescale to deliver and major milestones:</b>	
Milestone	Date
Implementation date	Oct 2019

<b>8. Risks and opportunities:</b>
Losses of staff in Estate and CHSU may have compliance implications and make it more likely that Health and Safety risks are less closely managed.

<b>9. Dependencies:</b>
Figures for flexible retirement awaited.

<b>10. Initial Equality Impact Assessment:</b>
Not relevant in this instance

<b>11. Consultation and Communications plan:</b>
No

<b>12. Legal Implications:</b>
N/A

<b>13a. Financial Savings – net change to service budget in each year:</b>					
Are the savings evidenced based (evidence should be included with this template)?			Yes – although validation of figures awaited		
If no, when is the evidence expected?			Enter date		
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£10,000	£	-£	£10,000	Ongoing
2020/21	£10,000	£	-£	£10,000	Ongoing
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£20,000</b>	<b>£</b>	<b>-£</b>	<b>£20,000</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£
	Capital Receipts	£

	Estimate of Redundancy costs	-£
	Estimate of Resource costs to deliver	-£
	Sub-total	£
2020/21	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
2021/22	Capital Costs	-£
	Capital Receipts	£
	Estimate of redundancy costs	-£
	Estimate of resource costs to deliver	-£
	Sub-total	£
	TOTAL	£

## Proposal for Change

### ECI1920-25 - Corporate Landlord

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager:	Claire Lovett
SAP Node	EIJHA

1. The proposal is to:	
X	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
X	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p><b>Corporate Landlord</b></p> <p>This proposal relates to the new Corporate Landlord model for delivering property and asset management, whereby responsibility for our property assets passes to the Corporate Property Group allowing for a consistent and joined up approach to all property matters and enabling savings from rationalisation, increased utilisation and economies of scale.</p>

2a. Confidence level
<p>70%</p> <p>A key dependency for this proposal is the centralisation of property and FM budgets due to take place from April 2019. Work continues on identifying the relevant budgets and ensuring all expenditure and income is identified to avoid built in overspends.</p> <p>Further work is required to determine the details of delivery and source of savings.</p>

3. Impact on residents, businesses and other organisations:
<p>The County Council remain committed to meeting its duties under the reasonable adjustment elements of the Equality Act 2010</p>

**4. Impact on other services we provide:**

None anticipated at present.

**5. Impact on staff:**

None

The County Council remain committed to meeting its duties under the reasonable adjustment elements of the Equality Act 2010

**6. Resources and support needed to make the change:**

Finance support and input from services needed.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Completion of budget review and establishment of shadow budgets		30/11/18
Implementation date for Corporate Landlord Model		01/04/19
Detailed savings plan in place		30/06/19

**8. Risks and opportunities:**

None identified at present.

**9. Dependencies:**

Continued SLT support for implementation across the board.

**10. Initial Equality Impact Assessment:**

No not at present.

**11. Consultation and Communications plan:**

No.

**12. Legal Implications:**

N/A.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidence based (evidence should be included with this template)?	Not yet (see above)
--	---------------------

If no, when is the evidence expected?	April to June 2019
---------------------------------------	--------------------

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£50,000	£	-£	£50,000	Ongoing
2020/21	£	£	-£	£	



2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£50,000</b>	<b>£</b>	<b>-£</b>	<b>£50,000</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of Redundancy costs	-£0
	Estimate of Resource costs to deliver	-£0
	Sub-total	£0
2020/21	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
<b>TOTAL</b>		<b>£0</b>

## Proposal for Change ECI1920-26 - Reprographics Review

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager:	Claire Lovett
SAP Node	EIJLBF E

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<b>Reprographics Review</b>	
New model of operations for Reprographics being proposed involving reduced reliance on high cost per click in-house options and reduced overhead.	
<ul style="list-style-type: none"> <li>Relocate two Multi-functional devices (MFDs) with full colour enabled from elsewhere in County Hall to Reprographics to be used for small-scale print jobs and terminate the lease (3 months' notice) on two large-scale Xerox machines.</li> <li>Reprographics to act as a broker for print/finish jobs, outsourcing when print quality and/or price is better than in-house.</li> <li>Set up a dynamic procurement system or increased number of approved external suppliers to 'bid' for each print job Review job descriptions for two posts in Reprographics.</li> <li>Review job descriptions for two posts in Reprographics.</li> </ul>	

2a. Confidence level	
	70%

**3. Impact on residents, businesses and other organisations:**  
None anticipated at present.

**4. Impact on other services we provide:**  
None anticipated at present.

**5. Impact on staff:**  
No impacts identified at this time.

**6. Resources and support needed to make the change:**  
Finance support needed for further validation work. Procurement already providing support to review.

<b>7. Timescale to deliver and major milestones:</b>	
Milestone	Date
Implementation	Jul 2019

**8. Risks and opportunities:**  
None identified at present.

**9. Dependencies:**  
Support of all services

**10. Initial Equality Impact Assessment:**  
Not relevant in this instance.

**11. Consultation and Communications plan:**  
No.

**12. Legal Implications:**  
N/A.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidence based (evidence should be included with this template)?	Not yet (see above)
If no, when is the evidence expected?	December 2018

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£25,000	£	-£	£25,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	

<b>Total</b>	<b>£25,000</b>	<b>£</b>	<b>-£</b>	<b>£25,000</b>	
--------------	----------------	----------	-----------	----------------	--

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	<b>-£0</b>
	Capital Receipts	£0
	Estimate of Redundancy costs	<b>-£0</b>
	Estimate of Resource costs to deliver	<b>-£0</b>
	Sub-total	£0
2020/21	Capital Costs	<b>-£0</b>
	Capital Receipts	£0
	Estimate of redundancy costs	<b>-£0</b>
	Estimate of resource costs to deliver	<b>-£0</b>
	Sub-total	£0
2021/22	Capital Costs	<b>-£0</b>
	Capital Receipts	£0
	Estimate of redundancy costs	<b>-£0</b>
	Estimate of resource costs to deliver	<b>-£0</b>
	Sub-total	£0
<b>TOTAL</b>		<b>£0</b>

## Proposal for Change

### ECI1920-27 - Beckett House

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager:	Claire Lovett
SAP Node	EIJC

1. The proposal is to:	
X	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
X	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p><b>Beckett House, Williton</b></p> <p>Savings expected from current running costs assuming new use or disposal – options currently being explored include possible re-use as enterprise centre which could generate income, but this may not hit property budgets and so this proposal relates only to the small annual running costs currently picked up within our group, which would either be passed to tenants or reassigned as the property is disposed of. This proposal will require the relocation of the Registration Service.</p>

2a. Confidence level
<p>70%</p> <p>Further work is required to determine the details of delivery and source of savings and it is simply too early to be more confident.</p>

3. Impact on residents, businesses and other organisations:
None anticipated at present.

4. Impact on other services we provide:
Possible impacts on Registration Service and Economic Development.

<b>5. Impact on staff:</b>
N/A

<b>6. Resources and support needed to make the change:</b>
Further discussions needed with affected services.

<b>7. Timescale to deliver and major milestones:</b>	
Milestone	Date
Implementation	Oct 2019

<b>8. Risks and opportunities:</b>
None identified at present.

<b>9. Dependencies:</b>
None identified at present.

<b>10. Initial Equality Impact Assessment:</b>
Not relevant in this instance.

<b>11. Consultation and Communications plan:</b>
No.

<b>12. Legal Implications:</b>
N/A.

<b>13a. Financial Savings – net change to service budget in each year:</b>					
Are the savings evidence based (evidence should be included with this template)?					Yes
If no, when is the evidence expected?					
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£3,000	£	-£	£3,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£3,000</b>	<b>£</b>	<b>-£</b>	<b>£3,000</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of Redundancy costs	-£0

	Estimate of Resource costs to deliver	-£0
	Sub-total	£0
2020/21	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
	TOTAL	£0

## Proposal for Change

### ECI1920-28 - Dr Morgan's School Site

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager:	Claire Lovett
SAP Node	EIJLBB

1. The proposal is to:	
X	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<b>Dr Morgan's School Site, Bridgwater</b>
Savings expected from current running costs assuming disposal by October 2019. This proposal relies on the planned relocation of the Libraries West operation to new more suitable premises. This project is well underway.

2a. Confidence level
60%
The project to relocate the current occupying services is well underway, but delivery is not yet certain and further work is needed to confirm both the level of savings and timing of the disposal which is reliant upon finding a buyer.

3. Impact on residents, businesses and other organisations:
None anticipated at present.

4. Impact on other services we provide:
None other than in relation to the relocation of services.



**5. Impact on staff:**

N/A

**6. Resources and support needed to make the change:**

Further discussions needed with affected services. Legal support regarding disposal and new lease arrangements.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Implementation		July 2019

**8. Risks and opportunities:**

Market risks for disposal.

**9. Dependencies:**

Completion of new lease.

**10. Initial Equality Impact Assessment:**

Not relevant in this instance.

**11. Consultation and Communications plan:**

No.

**12. Legal Implications:**

N/A.

**13a. Financial Savings – net change to service budget in each year:**

Are the savings evidence based (evidence should be included with this template)?	Yes
If no, when is the evidence expected?	

Please note: these figures should be cumulative

£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£10,000	£	-£	£10,000	Ongoing
2020/21	£10,000	£	-£	£10,000	Ongoing
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£20,000</b>	<b>£</b>	<b>-£</b>	<b>£20,000</b>	

**13b. One-off project costs and income (not included in above):**

£'000's		
2019/20	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of Redundancy costs	-£0

	Estimate of Resource costs to deliver	-£0
	Sub-total	£0
2020/21	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
	TOTAL	£0

## Proposal for Change

### ECI1920-29 - Health and Safety System Replacement

Corporate Plan Priority:	
Service Area:	Corporate Property
Director:	Paula Hewitt
Strategic Manager:	Claire Lovett
SAP Node	EIJM

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
X	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:
<p><b>Health and Safety System Replacement</b></p> <p>Savings secured through procurement of new supplier for Health and Safety management system. Implementation took place in 18/19 with savings only to be realised in 19/20 due to mobilisation costs.</p>

2a. Confidence level
100%

3. Impact on residents, businesses and other organisations:
None.

4. Impact on other services we provide:
None.

5. Impact on staff:
N/A

6. Resources and support needed to make the change:
None.

<b>7. Timescale to deliver and major milestones:</b>	
Milestone	Date
Implementation	April 2019

<b>8. Risks and opportunities:</b>
None.

<b>9. Dependencies:</b>
None identified at present.

<b>10. Initial Equality Impact Assessment:</b>
Not relevant in this instance.

<b>11. Consultation and Communications plan:</b>
No.

<b>12. Legal Implications:</b>
N/A.

<b>13a. Financial Savings – net change to service budget in each year:</b>					
Are the savings evidence based (evidence should be included with this template)?					Yes
If no, when is the evidence expected?					
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (also see 13b)	Total	Ongoing or One-off?
2019/20	£20,000	£	-£	£20,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
<b>Total</b>	<b>£20,000</b>	<b>£</b>	<b>-£</b>	<b>£20,000</b>	

<b>13b. One-off project costs and income (not included in above):</b>		
£'000's		
2019/20	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of Redundancy costs	-£0
	Estimate of Resource costs to deliver	-£0
	Sub-total	£0
2020/21	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0

2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
	TOTAL	£0

## Proposal for Change: ECI1920-33 - Economic Development savings

Corporate Plan Priority:	
Service Area:	Economic and Community Infrastructure
Director:	Michele Cusack (Lead Director Paula Hewitt)
Strategic Manager	Paul Hickson
SAP Node	EEA

1. The proposal is to:	
	<b>Managing Demand</b> - <i>Examine what can be done to influence our demand and reduce service pressures/costs or increase income, including raising fees and charging for services. How could we work across the wider local system with partners, are we picking up costs that should be paid by a different part of the system? Evidence of current and expected future demand will be required as part of future planning.</i>
	<b>Increasing Productivity</b> - <i>Since 2011/12 the Council has made most of its savings through efficiency measures. Like most Councils there is now less scope for traditional efficiency savings. What efficiency/productivity savings are available? What are the biggest expenditure items in your service? Are we getting best value from our contracts? Are we exploring opportunities to negotiate?</i>
Y	<b>Service Delivery Models</b> - <i>Are you aware of any alternative delivery models that could deliver services differently? What examples from other authorities could we adopt? E.g. commission from another party, joint venture... recognising that some options will have a long lead in times and would not necessarily impact on the financial gap in 2018/19.</i>
	<b>Reductions in Services</b> - <i>Are there services which partners could provide instead? Are all your services adding value? Are there any services which could safely and legally be stopped? What would the impact be on residents? Could residents be empowered to do it themselves?</i>

2. Outline of the proposed change:	
<p><b>Economic Development savings</b> - this proposal includes the following two elements to enable a reduction in the net revenue base budget allocation by SCC for economic development from 2019/20:</p> <ol style="list-style-type: none"> <li>1. <b>Fund SCC's contribution to the annual programme management costs of the Connecting Devon and Somerset programme through the use of capital receipts flexibility</b> – Connecting Devon and Somerset is a major infrastructure programme designed to enable the roll-out of superfast broadband infrastructure in areas where the market will not provide this. Due to the scale and “step change” nature of the Connecting Devon and Somerset programme (enabling greater digital service delivery in communities and greater digital access to services), there is scope to finance all of SCC's share of these programme management costs for the remaining delivery period of this transformational programme via capital receipts flexibilities. It is estimated that the programme will need to run for a further two financial years (2019/20 and 2020/21) need coverage of these costs via capital receipts for this period. <b>This would enable a £180,000 pa reduction in revenue budget provision for economic development.</b></li> <li>2. <b>Public Health funding of inclusive growth outcomes via economic development</b> – Deployment of part of SCC's public health grant to facilitate</li> </ol>	

SCC's economic development service to develop evidence and focus strategic and commissioning capacity on inclusive growth approaches in line with the emphasis on this agenda in the Heart of the South West productivity strategy and Somerset improving lives strategy. Scope has been identified to allocate £50,000 of SCC's public health grant for this purpose in 2019/20. **This would enable an on-going £50,000 revenue budget saving in economic development in 2019/20.**

**2a. Confidence level**

100 %

Subject to the confirmation of the availability of funds via capital receipts and deployment of public health grant these proposals are deliverable.

**3. Impact on residents, businesses and other organisations:**

There are no significant impacts for businesses, residents or other organisations resulting from these proposals.

**4. Impact on other services we provide:**

**Corporate/cross service impacts:**

1. Need for SCC to generate sufficient annual capital receipts for the remainder of the Connecting Devon and Somerset programme to ensure that its programme management costs can be financed via capital receipts flexibilities. The current expectation is that the period of this requirement will be the 2019/20 and 2020/21 financial years.

**Service level impacts:**

1. Public Health – greater linkages in evidence base, strategy and resulting commissioning priorities between economic development and public health. This will have positive impacts given that levels of individual economic well-being and opportunity are determinants of public health and because improvements in the health of the workforce contribute to improvements in business productivity.

**5. Impact on staff:**

No significant impacts on staff

**6. Resources and support needed to make the change:**

ECI Director and Finance Director level support to ensuring that capital receipts are applied to financing SCC's contribution to the programme management costs of the Connecting Devon and Somerset programme until it is completed.

**7. Timescale to deliver and major milestones:**

	Milestone	Date
Identification of means to deliver revenue funded savings related to economic development expenditure		October 2018

Drafting and finalisation of change proposal documentation	October/November 2018
Decision to implement revenue funded savings associated with this change proposal	December 2018
Implementation of revenue funded savings effective	April 2019

#### **8. Risks and opportunities:**

##### **Risks**

1. **Financial risk – insufficient capital receipts generated by SCC to finance the annual Connecting Devon and Somerset programme management costs.** This is considered a low level risk as these programme management costs do not necessitate a large amount of capital receipts being generated

##### **Opportunities**

1. **Strategic opportunity** – increased levels of corporate working between SCC economic development and public health services. Planning and delivery of this saving is a catalyst to the development of closer collaborative working between public health and economic development, particularly linked to the pursuit of more inclusive outcomes from economic growth.

#### **9. Dependencies:**

Delivery of this saving dependent on SCC generating sufficient capital receipts to finance Connecting Devon and Somerset programme management costs in its remaining period.

Interdependency with SCC public health commissioning and improving lives strategy for realisation of part of this saving.

#### **10. Initial Equality Impact Assessment:**

Not identified as being required.

#### **11. Consultation and Communications plan:**

1. No statutory consultation requirements associated with this proposal.
2. No external consultations or communications necessary for this proposal as no impacts upon SCC's partners and stakeholders
3. There will be a need to accompany the public health grant deployment element of this saving with communications to economic development staff so that the associated focus on inclusive growth outcomes is understood and given appropriate focus in work programmes.

#### **12. Legal Implications:**

1. No legal implications associated with this proposal.

#### **13a. Financial Implications – net change to service budget in each year:**



Are the savings evidenced based? (evidence should be included in the proforma)?				Yes	
If no, when is evidence expected?				N/A	
Please note: these figures should be cumulative					
£'s	Savings	Income Generated	Cost Involved (see also 13b)	Total	Ongoing or One-off?
2019/20	£230,000	£	-£	£230,000	Ongoing
2020/21	£	£	-£	£	
2021/22	£	£	-£	£	
2022/23	£	£	-£	£	
2023/24	£	£	-£	£	
Total	£230,000	£	-£	£230,000	Ongoing

<b>13b. One off project costs and income (not included in above):</b>		
<b>£'000's</b>		
2019/20	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£
	Sub-total	£0
2020/21	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
2021/22	Capital Costs	-£0
	Capital Receipts	£0
	Estimate of redundancy costs	-£0
	Estimate of resource costs to deliver	-£0
	Sub-total	£0
<b>TOTAL</b>		<b>£0</b>

This page is intentionally left blank

## Appendix F

### Use of Capital Receipts Flexibility 2016/17-18/19

Using the powers under the Governments' guidance on the flexible use of capital receipts, the table below summarises the business cases for initiatives which have applied capital receipts to fund revenue expenditure:

Description of project and aims	Qualifying Expenditure	Expenditure 2016/17-2018/19
		£000
LD - Supporting the transformation of the Learning Disability service as part of the externalisation to the Dimensions social enterprise.	Costs to undertake the necessary work to create the new social enterprise and provide support as required once it begins operation, including costs of reducing staffing numbers. (as per Council paper July 2016)	6,078
Corporate Change Programme – work to support a number of transformation projects across the authority as part of the Core Council Programme, including the Financial Imperative Programme to reduce budget.	Staff time	4,971
ICT transformation – a number of projects to upgrade SCC's systems and networks to improve efficiency and support the Technology and People (TAP) programme.	Staff time and system development	1,852
Broadband – the Connecting Devon and Somerset programme to bring high-speed broadband connectivity to communities and businesses to rural areas that are not deemed commercially viable by providers. The aim is to increase business relocation and activity within Somerset – improving Business Rates and Council Tax yields.	Project management, technical assurance and similar delivery costs that are not included within the grant agreements with BDUK / MHCLG.	201
Libraries – the review of the current service and proposals for future delivery and redesign, as reported to the Cabinet October 2018.	Staff time, consultations and community events, including time to analyse data and feedback. Support from legal, finance and property leads.	265
Registration – to make the service more accessible electronically and to reduce administrative activity in the future.	Development of new system.	30

Leisure decommissioning – the project to consider the end of the 1610 contract and transfer of sites / provision to schools, to consider any future provision. The aim is reduced direct costs of provision falling on SCC.	Staff time to consider options and consult with schools and academies about taking on assets and leisure provision.	49
Corporate affairs – 5 transformational posts within Customers and Communities to make future savings, and to improve communications channels and customer experience.	Staff time	154
Property – a number of development projects across the Council’s estate to rationalise the property usage / support the asset strategy, including A Block at County Hall.	Staff time	206
Children’s Fund Support Services (FSS) – improvements to the service delivery of Early Help/ getset and a focus on reducing the need to occupy a number of getset buildings.	Staff time	118
Adopt South West regional adoption agency (RAA) – the launch of a new partnership agency aimed at improving the adoption process through more efficient matching and family finding, coordinated adopter recruitment and a consistent offer of adoption support.	Staff time to ensure setup of the agency and the transition to the new way of working could be effectively achieved.	50
ECI commissioning – to develop the approach to future commissioning of services, to improve the Value For Money that can be delivered and to produce future savings from, e.g. re-procurement exercises.	Staff time	25
Community governance – Cabinet member for Education and Transformation involvement in work on transformational activity.	Member time	6.5
Redundancy costs – in some instances reducing the numbers of staff employed to achieve the reform of services may require severance payments and compensation to the Pension fund for the cost savings to be achieved.	Severance payments and for members of the Pension fund, pension fund strain payments made to the fund	1,000 + 1,000 (additional MTFP sale + 18/19 base budget)

**Proposed use of Capital Receipts Flexibility for MTFP (2019-22)**

Using the powers under the governments' guidance on the flexible use of capital receipts, the table below summarises the initiatives to which capital receipts are planned to be applied to fund the revenue expenditure subject to development of robust business cases.

These business cases will demonstrate that: the initiative will generate future savings or reduce future costs, and the costs being funded are implementation or set up costs and not on-going operational costs. The robustness of business cases will be reviewed by March 2019.

<b>Description of project and aims</b>	<b>Qualifying Expenditure</b>	<b>Amount of expenditure MTFP (2019-22)</b>	<b>Savings Forecast (note 1)</b>	<b>Payback period</b>
		£000	£000	Years
Supporting the transformation of the Learning Disability service as part of the externalisation to Dimensions social enterprise.	Costs to undertake the necessary work to create the new social enterprise and provide support as required once it begins operation, including costs of reducing staffing numbers. (as per Council paper July 2016)	624	Service redesign	
Corporate Change Programme - work to support a number of transformation projects across the authority as part of the Core Council Programme, including the Financial Imperative Programme to reduce budget.	The Corporate Change Programme will provide savings in 2 ways: i) by running the Financial Imperative Programme to provide budget savings across the whole Council and ii) by assisting on individual transformational projects	3,018	i) circa £15m planned in 2019/20 alone.  ii) values depend on individual projects supported.	Less than 1 year.
ICT - a number of projects to upgrade SCC's systems and networks to improve efficiency	Staff time	660	£690K in a full year (See saving CORP19/20 – 12)	Less than 1 full year
Broadband - the Connecting Devon and Somerset programme	Project management, technical assurance and similar delivery	1,143	Difficult to estimate exact impact of the	

to bring high-spend broadband connectivity to communities and businesses to rural areas that are not deemed commercially viable by providers. The aim is to increase business relocation and activity within Somerset – improving Business Rates and Council Tax yields.	costs that are not included within the grant agreements with BDUK / MHCLG.  Suitable Broadband connectivity was identified by central government as the greatest barrier to business growth.		programme on business relocation, household growth and therefore Business Rates and Council Tax yields.	
Corporate affairs - 5 transformational posts within Customers and Communities to make future savings, and to improve communications channels and customer experience.	Staff time	462	(CORP19/20-16)	
Property - a number of development projects across the Council's estate to rationalise the property usage / support the asset strategy, including A Block at County Hall.	Staff time	618	Over £700k per annum from County Hall A Block Business Case / Taunton rationalisation alone (see Business Case – Cabinet December 2018).  Additional savings will come from further property rationalisation projects.	Less than 1 full year when completed.
ECI commissioning - to develop the approach to future commissioning of services, to improve the Value For Money that can be delivered and to produce future savings from, e.g. re-	Staff time	211	Depends on individual commissioning activity in any given year (See ECI 19/20-15).	

procurement exercises.				
Libraries - the completion of the project with the implementation delivery of the agreed new service model as agreed by Cabinet October 2018.	Staff time and support for new service provision	65	£323k in a full year (see Cabinet report 5 <sup>th</sup> November 2018)	Less than 1 year when fully implemented.
Community governance - Cabinet member for Education and Transformation involvement in work on transformational activity.	Member time	28	Depends on individual transformational activities in any given year (see DS02)	
Children's Fund Support Services (FSS) – improvements to the service delivery of Early Help/ getset and a focus on reducing the need to occupy a number of getset buildings.	Staff time	55	Saving costs targeted to be achieved from reduced running and maintenance	
<b>MTFP (2019/22) Total</b>		<b>6,885</b>		

*Note 1: in most instances the on-going savings are not solely dependent upon this additional investment. The focus of other existing resources will be required to ensure delivery of savings.*

This page is intentionally left blank



## Appendix H

### Somerset County Council's Proposed Council Tax 2019/20

Band	Ratio	2018/19 Total Precept	2019/20				Council Tax Increase	Council Tax Increase Per Week
			SCC Precept	ASC Precept	SRA Precept	Total Precept		
			£	£	£	£	%	£
A	6/9	794.76	759.20	58.73	8.55	<b>826.48</b>	3.99%	0.61
B	7/9	927.24	885.73	68.51	9.99	<b>964.23</b>	3.99%	0.71
C	8/9	1059.70	1012.27	78.30	11.41	<b>1,101.98</b>	3.99%	0.81
D	9/9	1192.16	1138.80	88.09	12.84	<b>1,239.73</b>	3.99%	0.91
E	11/9	1457.08	1391.87	107.67	15.69	<b>1,515.23</b>	3.99%	1.12
F	13/9	1722.01	1644.93	127.24	18.55	<b>1,790.72</b>	3.99%	1.32
G	15/9	1986.93	1898.00	146.82	21.40	<b>2,066.22</b>	3.99%	1.52
H	18/9	2384.32	2277.60	176.18	25.68	<b>2,479.46</b>	3.99%	1.83

# Council Tax Precepts by District

District	Equivalent Band D Properties (Taxbase)	SCC Precept	ASC Precept	SRA Precept	Total Precept
		£	£	£	£
Mendip	40,496.05	46,116,897.75	3,567,303.09	519,971.73	<b>50,204,172.57</b>
Sedgemoor	40,573.67	46,205,291.40	3,574,140.65	520,968.37	<b>50,300,400.42</b>
South Somerset	60,266.07	68,630,994.57	5,308,847.11	773,819.98	<b>74,713,661.66</b>
Somerset West & Taunton	56,622.78	64,482,016.28	4,987,909.15	727,039.92	<b>70,196,965.35</b>
<b>Total</b>	<b>197,958.57</b>	<b>225,435,200.00</b>	<b>17,438,200.00</b>	<b>2,541,800.00</b>	<b>245,415,200.00</b>

# Appendix I

## Government Grants 2019/20 - 2021/22

This table sets out the Government Grants included in the Councils MTFP. It must be noted that for 2020/21 and 2021/22 there is no certainty about value in the absence of a Spending Review beyond 2019/20. These will not be confirmed for some time.

	2019/20	2020/21	2021/22
Type of Grant	£m	£m	£m
<b><u>Special (Non-Specific):</u></b>			
Lead Local Flood Authority	0.076	0.080	0.084
Inshore Fisheries Conservation Authority	0.132	-	-
Extended Rights to Free Travel	0.367	0.349	0.332
New Homes Bonus	2.390	2.034	1.779
Local Reform and Community Voices	0.321	0.305	0.290
S31 Business Rates Cap (NDR relief)	1.750	1.785	1.821
Rural Services Delivery Grant	-	1.928	1.928
Social Care Support Grant	4.267	-	-
<b><u>Service Specific:</u></b>			
Dedicated Schools Grant (H)	210.000	202.500	197.500
Dedicated Schools Grant (EDB)	40.873	40.873	40.873
Pupil Premium Grant	9.300	9.000	8.800
Music Education Grant	0.663	0.663	0.663
Sixth Form Funding (S6F)	1.770	1.575	1.575
Primary PE and Sports Grant	2.750	2.700	2.650
Troubled Families	1.228	-	-
School Improvement, Brokering and Monitoring Grant	0.617	0.617	0.617

Year 7 Catch Up premium grant	0.115	0.100	0.070
Universal Infants Free School Meals	3.900	3.825	3.750
Opportunity Areas	2.150	2.150	2.150
School Centred Initial Teacher Training (SCITT)	0.480	0.480	0.480
DFE Rough Sleepers Strategy	0.048	0.048	0.048
DOE Ext Personal Adviser Duty Implementation Grant	0.025	0.025	0.025
DOE Staying Put	0.140	0.140	0.140
Improved Better Care Fund	20.188	20.188	20.188
Winter Funding	2.498	2.498	2.498
Public Health	20.176	20.176	20.176
LEP - Start Up Fund	0.700	0.700	0.700
LEP - Growth Hub	0.320	0.320	0.320
Step Up Social Work	1.849	1.849	1.849
DEFRA - AONB & LARC	0.363	0.366	0.368
Bus Service Operators Grant	0.454	0.454	0.454
Building Schools for the Future contributions	2.534	2.534	2.534
Police & Crime Panel	0.070	0.070	0.070
Bikeability Grant	0.050	0.050	0.050
LARC	0.040	0.040	0.040
LEP (Econ DEV)	0.010	0.010	0.010
<b>TOTAL</b>	<b>332.614</b>	<b>320.432</b>	<b>314.832</b>
<i>Of which:</i>			
<b>Confirmed (some with value assumptions)</b>	<b>323.267</b>	<b>263.969</b>	<b>258.523</b>
<b>Estimated</b>	<b>9.347</b>	<b>56.463</b>	<b>56.309</b>
	<b>332.614</b>	<b>320.432</b>	<b>314.832</b>

## Earmarked Reserves – description and projected balance up to 31 March 2022

Name of Reserve	Description	Balance - as at 1 April 2019 £m	2019/20 Planned Use £m	Balance - as at 1 April 2020 £m	2020/21 Planned Use £m	Balance - as at 1 April 2021 £m	2021/22 Planned Use £m	Balance - as at 31 March 2022 £m
BSF Bridgwater Equalisation Reserve	Set aside to meet future contract costs of the authorities PFI schools in Bridgwater. The reserve has been put aside by previous years underspends.	5.713	0.000	5.713	0.000	5.713	0.000	5.713
Insurance Fund Reserve	As the authority largely self-insures, this reserve has been set aside for Incurred but Not Reported (IBNR), MMI levy and other insurance related balances that the broker has recommended we need to hold against a variety of exposures.	3.765	0.524	4.289	0.421	4.710	0.421	5.131
Somerset Rivers Authority (SRA)	Relates to unspent SRA funding (interim and local partner funding). Use of this must be approved by SRA Board.	3.049	-0.130	2.919	-0.130	2.789	-0.130	2.659
Reserves for capital purposes	Set aside to meet the revenue costs of the authority's capital projects	2.695	0.000	2.695	0.000	2.695	0.000	2.695
Local Enterprise Partnership (LEP)	Set aside to meet the future operational costs of the Heart of the South West Local Enterprise Partnership (of which SCC are the administering body). The fund is controlled by the LEP.	2.465	0.000	2.465	0.000	2.465	0.000	2.465
Public Health Earmarked	Ring-fenced underspends from the authorities Public Health budget. For use for Public health related expenditure only.	1.357	-1.357	0.000	0.000	0.000	0.000	0.000
Environment Commuted Sums Reserve	Consists of developer payments for highways maintenance liabilities that are drawn down when conditions have been met	1.027	0.089	1.116	0.089	1.205	0.089	1.294

<b>Name of Reserve</b>	<b>Description</b>	<b>Balance - as at 1 April 2019 £m</b>	<b>2019/20 Planned Use £m</b>	<b>Balance - as at 1 April 2020 £m</b>	<b>2020/21 Planned Use £m</b>	<b>Balance - as at 1 April 2021 £m</b>	<b>2021/22 Planned Use £m</b>	<b>Balance - as at 31 March 2022 £m</b>
West Somerset Opportunity Area (NEW)	3-year programme funded by the DfE. Decision in January 2018 for all current and future grant funding to be allocated to the WSOA delivery plan	<b>0.771</b>	-0.771	<b>0.000</b>	0.000	<b>0.000</b>	0.000	<b>0.000</b>
Operating Account - SSE	The cumulative surpluses/deficits of the authorities trading accounts (Support Services for Education (SSE)).	<b>0.717</b>	0.000	<b>0.717</b>	0.000	<b>0.717</b>	0.000	<b>0.717</b>
Supply Mutual Fund Reserve	This is a scheme run by Insurance for maintained schools to cover the costs of supply teachers for schools that buy in. At the end of each academic year, the current scheme requires the balance to be returned to schools who have not claimed above their contribution level. For use for schools only.	<b>0.524</b>	0.000	<b>0.524</b>	0.000	<b>0.524</b>	0.000	<b>0.524</b>
S106 funds	Relates to interest earned on developers s106 contributions. Repayable to the developer.	<b>0.475</b>	0.203	<b>0.678</b>	0.202	<b>0.880</b>	0.203	<b>1.083</b>
Invest to Save Fund	Set aside to fund projects within the authority that will generate greater future savings / cost reductions.	<b>0.367</b>	2.852	<b>3.219</b>	0.000	<b>3.219</b>	0.000	<b>3.219</b>
Central Schools Budget - Compact	Planned under spend to be used to reduce the pressure on the High Needs budget and support strategic initiatives with Schools Forum support.	<b>0.335</b>	-0.250	<b>0.085</b>	0.000	<b>0.085</b>	0.000	<b>0.085</b>
Economic Development Fund	Funds Economic Development activity that cannot be capitalised or contributes to specific capital projects. This balance is committed to I-Aero project, and without this amount the high-profile project and significant match funding would be lost.	<b>0.331</b>	-0.131	<b>0.200</b>	-0.100	<b>0.100</b>	-0.100	<b>0.000</b>
SWP - WDA	Funds set aside within the Somerset Waste Partnership and approved by the Somerset Waste Board pooled budget for various projects	<b>0.301</b>	-0.182	<b>0.119</b>	0.000	<b>0.119</b>	0.000	<b>0.119</b>
Elections	Set aside to smooth the cost of elections (every 4 years) into an equal amount each year.	<b>0.295</b>	0.253	<b>0.548</b>	0.253	<b>0.801</b>	-1.022	<b>-0.221</b>

<b>Name of Reserve</b>	<b>Description</b>	<b>Balance - as at 1 April 2019 £m</b>	<b>2019/20 Planned Use £m</b>	<b>Balance - as at 1 April 2020 £m</b>	<b>2020/21 Planned Use £m</b>	<b>Balance - as at 1 April 2021 £m</b>	<b>2021/22 Planned Use £m</b>	<b>Balance - as at 31 March 2022 £m</b>
Flood Recovery & 20- year plan	Money awarded to the Council after serious flooding for remedial and preventative measures (some amounts held by SRA). Ring-fenced to certain works and geographical locations.	0.165	-0.165	0.000	0.000	0.000	0.000	0.000
Somerset Drug & Alcohol	Used to offset ongoing pressures. Pooled budget with partner agencies.	0.126	-0.126	0.000	0.000	0.000	0.000	0.000
Futures for Somerset	Futures for Somerset pay a premium on top of reimbursing SCC for seconded staff payroll. This reserve will cover any redundancy costs of those staff whilst in the employ of Futures for Somerset.	0.105	0.000	0.105	0.000	0.105	0.000	0.105
Total Transport Pilot Fund	Ring-fenced funding for a number of specific transport projects.	0.074	-0.074	0.000	0.000	0.000	0.000	0.000
Superfast Broadband	Set aside to fund the authorities Connecting Devon & Somerset broadband project	0.055	0.000	0.055	0.000	0.055	0.000	0.055
Sustainable Drainage Funding	Suds/LLFA Defra Grant Reserve funding to be used to handle flood risk	0.049	-0.021	0.028	-0.028	0.000	0.000	0.000
Hinkley Project	Ring-fenced funding that is provided specifically for the council to client the Hinkley development.	0.023	0.000	0.023	-0.012	0.011	-0.011	0.000
LD Equalisation Reserve	Equalisation fund for initial additional costs relating to the Discovery contract.	-0.910	0.910	0.000	0.000	0.000	0.000	0.000
Operating Accounts - DILLINGTON	The cumulative surpluses/deficits of the authorities trading accounts.	-1.373	-0.170	-1.543	-0.170	-1.713	-0.170	-1.883
Repairs and Maintenance Fund (inc BMIS)	Historical overspends against Property Repairs and Maintenance and BMIS (schools property indemnity scheme). BMIS scheme is now ended.	-3.389	2.078	-1.311	0.000	-1.311	0.000	-1.311
DSG (Early Years, High Needs & De-delegated services)	Funding of the additional hours for 3&4-year olds for eligible working parents (DfE funded based on the numbers in Jan 2018, for a new initiative in Sept 2018). The High Needs cumulative deficit of £5.6m to be managed (DSG recovery plan reducing in year spend and using one off savings to repay)	-5.577	0.000	-5.577	0.000	-5.577	0.000	-5.577

<b>Total (excluding School Balances)</b>		13.536	3.532	17.068	0.525	17.593	0.720	-	16.873
--	--	--------	-------	--------	-------	--------	-------	---	--------



## **Reserves and Balances Policy Statement**

### **Introduction**

This statement sets out the Council's policies underpinning the maintenance of a level of general balances and earmarked reserves within the Council's accounts.

### **Statutory position**

A local authority is not permitted to allow its spending to exceed its available resources so that overall it would be in a deficit. Section 32 and 43 of the Local Government Finance Act 1992 require authorities to have regard to the level of balances and reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Balances and reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, this forms part of the general fund;
- A contingency to cushion the impact of unexpected events or emergencies, this also forms part of the general fund, and;
- A means of building up funds often referred to as earmarked reserves, to meet known or predicted liabilities.

This policy statement is concerned with general balances and earmarked reserves as defined above.

### **Purposes of balances and reserves**

The Council has a long-standing policy of maintaining a small general balance to mitigate against unforeseen overspendings or a major unexpected event.

Although there is no generally recognised official guidance on the level of general balances to be maintained, the key determining factor to the level is that it must be justifiable in the context of local circumstances, and council taxpayer's money should not be tied up unnecessarily. The Council's external auditor, and the Section 151 Officer, comments on the level of balances and reserves as part of the annual audit of the Council's financial position and at the time of budget setting respectively.

While general balances are unallocated, earmarked reserves are held for specific purposes.

### **Level of balances and reserves**

Due to the serious financial challenges facing the Council, the level of general balances and reserves has become unusually low for a council of this size. A prudent level could be 3%-5% of the sum of council tax plus settlement funding i.e.

between £10m and £17m. This is normally enough to cover unforeseen circumstances and the risk of higher than expected service pressures. The Council is holding a brought forward balance of £12.704m at 1 April 2019 and forecasts a carry forward balance at 31 March 2022 of £18.615m. The Section 151 Officer recommends that this balance be increased further over the MTFP (2019-22) to mitigate against ongoing uncertainty of local government funding because of the Governments proposed changes and the lack of a Spending Review beyond 2019/20.

The level of earmarked reserves will vary annually, and it is noticeable that the level of usable reserves have been replenished during 2018/19 to help improve the councils financial resilience.

### **Proposed Policy for 2019/20**

In view of the on-going uncertainty, general balances ought to be further strengthened as proposed in the MTFP to mitigate against future risks.

With regard to earmarked reserves, firm plans for repaying in full the negative reserves should be developed and implemented as soon as possible.

Going forwards, the Section 151 Officers approval must be sought before any service can draw down on a reserve (earmarked or general) so that a view can be made at the time as to the appropriateness of this use of funds in accordance with the financial circumstances facing the council at the time.

## Appendix: L

### General Fund – Movements during 2019/22

General Fund	Value £m
Balance brought forward 2018/19	12.892
<b>In Year Transfers (2018/19):</b>	
Base Budget contribution 2018/19	2.000
Additional revenue contributions (Mnt8)	1.000
One-off levy grant	1.031
Contingency contribution	0.800
Negate the impact of deficit earmarked reserves	-6.086
Current Balance	11.637
Estimated in year underspend to be transferred to General Fund	1.067
<b>Balance at 31 March 2019</b>	<b>12.704</b>
<b>In Year Transfers (2019/20):</b>	
Base Budget contribution 2019/20	2.000
Planned contribution to reduce impact of deficit reserves on General Fund	2.989
<b>Balance at 31 March 2020</b>	<b>17.693</b>
<b>In Year Transfers (2020/21):</b>	
Base Budget contribution 2020/21	0.000
<b>Balance at 31 March 2021</b>	<b>17.693</b>
<b>In Year Transfers (2021/22):</b>	
Base Budget contribution 2021/22	0.000
Contribution 2021/22 in relation to budget smoothing	0.922
<b>Balance at 31 March 2022</b>	<b>18.615</b>

This page is intentionally left blank

Decision Report – Cabinet

- 11 February 2019

**Capital Strategy 2019/20 - 2021/22**

Cabinet Member(s): Cllr Mandy Chilcott, Cabinet Member for Resources

Division and Local Member(s): All

Lead Officer: Peter Lewis, Director of Finance

Author: Ben Bryant, Accountant, Corporate Finance

Contact Details: 01823 359576

	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
	County Solicitor	Honor Clarke	28/01/19
	Monitoring Officer	Scott Wooldridge	18/01/19
	Corporate Finance	Peter Lewis	28/01/19
	Human Resources	Chris Squire	28/01/19
	Property	Paula Hewitt / Claire Lovett	28/01/19
	Procurement / ICT	Simon Clifford	28/01/19
	Senior Manager	Peter Lewis	28/01/19
	Commissioning Development Team	Vikki Hearn	29/01/2019
	Local Member(s)		
	Cabinet Member	Cllr Mandy Chilcott	28/01/19
	Opposition Spokesperson	Cllr Liz Leyshon	29/01/2019
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	29/01/2019
<b>Forward Plan Reference:</b>	FP/18/12/07		
<b>Summary:</b>	<p>The Cabinet considered the proposed Capital Programme for 2019/20 and beyond at its meeting on 23 January for recommendation to the Council on 20 February. That programme shows an investment of £224m in the County. The Capital Strategy appended to this report, which is new for 2019/20, gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local services. There is also an overview of associated risk and how it is managed along with the implications for future financial sustainability.</p> <p>Most significantly, this strategy introduces the concept of non-treasury investments and how they might contribute towards supporting the revenue budget of the Council in future years. The proposals in regard of non-treasury investments are not yet fully formulated so this report seeks delegated authority for a small group of members and officers to design the governance arrangements and ambitions for this part of the strategy.</p>		

<p><b>Recommendations:</b></p>	<p>1. That the Cabinet recommends the Capital Strategy 2019/20-2021/22, and the prudential indicators contained within, to the Council for consideration and approval at their meeting on 20 February 2019 (as set out in Appendix 1).</p> <p>2. That the Cabinet and Council agree to delegate authority to the Section 151 Officer, in consultation with the Leader, Deputy Leader, Opposition Spokesperson for Resources, Monitoring Officer and County Solicitor, to design the governance arrangements and remit of the non-treasury investments for recommendation to, and approval by, the Cabinet and the Council before the end of July 2019.</p>
<p><b>Reasons for Recommendations:</b></p>	<p>This is a new requirement of statutory guidance for 2019/20 and as a result must be considered and approved by the Council alongside the Capital Programme.</p> <p>The non-treasury investment proposal requires further investigation and deliberation before firm recommendations can be made to the Cabinet for implementation.</p>
<p><b>Links to County Vision, Business Plan and Medium Term Financial Strategy:</b></p>	<p>The Capital Strategy provides an overview of Capital Expenditure, Capital Financing and Treasury Management, all of which contribute of the delivery of the County Vision. Furthermore, the non-Treasury investment proposal is aimed to produce a positive net revenue income stream for the Council which would contribute towards the delivery of all objectives.</p>
<p><b>Consultations and co-production undertaken:</b></p>	<p>The Capital Programme has been subject to Scrutiny (in December 2018), but this strategy has not been the subject of wider consultation at this time. It is proposed that, should it be necessary, there will be further consultation on non-treasury investments as the proposals are developed.</p>
<p><b>Financial Implications:</b></p>	<p>There are no specific financial implications arising directly from this report, although the contents of the report shape and influence a range of other financial matters, including the Capital Programme, for which detailed financial implications are set out in the relevant reports.</p>
<p><b>Legal Implications:</b></p>	<p>The Local Government Act 2003, section 15(1), requires a local authority "...to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify...".</p>

	<p>The Secretary of State issued statutory guidance in 2018 regarding 'Local Government Investments' which came into effect from 1 April 2018.</p> <p>The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations. The guidance applies to all local authorities, who hold or during the next financial year intend to hold financial or non-financial investments, solely or in part to generate revenue income.</p> <p>For each financial year, a local authority should prepare at least one Investment Strategy. The Investment Strategy needs to be approved by the Full Council prior to the start of the financial year.</p> <p>Where a local authority prepares a Capital Strategy in line with the requirements of the Prudential Code, a Treasury Management Strategy in line with the requirements of the Treasury Management Code, or any other publicly available document, the disclosures required to be included in the Investment Strategy can be published in those documents.</p>						
<b>HR Implications:</b>	There are no specific HR implications arising from this report.						
<b>Risk Implications:</b>	<p>The section of the Strategy that relates to non-treasury investments identifies a range of risks that could emerge from such an approach. It is essential that the further development of these proposals, through the working group, clearly identifies and evaluates the risks associated with non-treasury investments of the type described in the Strategy. It is only after that evaluation that an appropriate risk score can be identified.</p> <table border="1" data-bbox="528 1585 1444 1624"> <thead> <tr> <th data-bbox="528 1585 740 1624">Likelihood</th> <th data-bbox="740 1585 852 1624"></th> <th data-bbox="852 1585 1023 1624">Impact</th> <th data-bbox="1023 1585 1134 1624"></th> <th data-bbox="1134 1585 1362 1624">Risk Score</th> <th data-bbox="1362 1585 1444 1624"></th> </tr> </thead> </table>	Likelihood		Impact		Risk Score	
Likelihood		Impact		Risk Score			
<b>Other Implications (including due regard implications):</b>	<p><b><u>Equalities Implications</u></b></p> <p>There are no Equalities implications arising from this report</p> <p><b><u>Community Safety Implications</u></b></p> <p>There are no Community Safety implications arising from this report</p> <p><b><u>Sustainability Implications</u></b></p>						

	<p>There are no Sustainability implications arising from this report</p> <p><b><u>Health and Safety Implications</u></b></p> <p>There are no Health and Safety implications arising from this report</p> <p><b><u>Privacy Implications</u></b></p> <p>There are no Privacy implications arising from this report</p> <p><b><u>Health and Wellbeing Implications</u></b></p> <p>There are no Health and Wellbeing implications arising from this report</p>
<p><b>Scrutiny comments / recommendation (if any):</b></p>	<p>The Capital Strategy will be considered by the Audit Committee on 31 January 2019; feedback will be given to the Cabinet as part of its deliberations prior to making any recommendations to Council.</p>

## 1. Background

- 1.1. As is set out in the Capital Strategy attached to this report, it is a new requirement for 2019/20. The Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.2. The Strategy addresses the capital components of the wider financial strategies adopted by the Authority. It identifies the links and relationships that need to be made in considering and implementing the Capital Programme to support the Corporate Asset Management Plan objectives. This is done through the Medium Term Financial Plan (MTFP) and alerts services to the governance and control framework within which the investment planning and delivery takes place.
- 1.3. Perhaps of significant interest in this Strategy is the introduction of the proposal to consider non-treasury investments (Treasury Investments are dealt with in the Treasury Management Strategy Statement elsewhere on the agenda for the Cabinet meeting on 11 February). With central government financial support for local public services declining, the Council intends to explore investing in non-treasury investment options purely or mainly for financial gain. With this in mind a sum of £100m has been noted in the Capital Programme as being identified for this purpose pending the appropriate strategy and governance being put in place.
- 1.4. The attached document sets out a range of considerations that should be taken into account in developing the Council's approach to non-treasury investments. This report then seeks delegated authority to the Section 151



Officer to engage with a small working group as part of the development and preparation of detailed proposals for the governance of non-treasury investments for consideration and agreement by the Council.

## **2. Options considered and reasons for rejecting them**

- 2.1.** It is now a regulatory requirement that a Capital Strategy is produced for consideration and agreement by the Cabinet and Council so there is no other option but to present this document.
- 2.2.** In regard of non-treasury investments, the proposal is to consider suitable governance and investment arrangements to proportionally manage risk and deliver a suitable financial return to the Council to support the revenue budget. Within this proposal there are options, in terms of the type of investment considered, that are set out in the Strategy.
- 2.3.** An alternative option is to avoid making any non-treasury investments. This should be part of the deliberations of the working group that is proposed to be set up as a result of this report.

## **3. Background Papers**

- 3.1.** The most significant background papers for this report are:
  - Capital Programme 2019/20 – Cabinet 23 January 2019
  - Treasury Management Strategy Statement – Cabinet 11 February 2019

This page is intentionally left blank

WWW.SOMERSET.GOV.UK



# Somerset County Council

## Corporate Capital Strategy 2019/20– 2021/22



# Capital Strategy Report 2019/20

## Contents

1. Background and Context .....	4
2. Capital Expenditure and Financing .....	5
• Table 1: Estimates of Capital Expenditure	
• Table 2: Capital financing	
• Table 3: MRP for the repayment of debt	
• Table 4: Prudential Indicator: Estimates of Capital Financing Requirement	
• Table 5: Capital receipts	
3. Treasury Management.....	8
• Table 6: Prudential Indicator: External Debt and the Capital Financing Requirement	
• Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt	
4. Investment Strategy .....	9
• Treasury Management Investments	
• Investments for Service Purposes	
• Investments for Commercial Activities	
5. Other long-term liabilities .....	13
6. Revenue Budget Implications .....	13
• Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream	
7. Knowledge and Skills.....	14

## 1. Background and Context

This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

It addresses the capital components of the wider financial strategies adopted by the Authority. It identifies the links and relationships that need to be made in considering and implementing the Capital Programme to support the Corporate Asset Management Plan objectives. This is done through the Medium Term Financial Plan (MTFP) and alerts services to the governance and control framework within which the investment planning and delivery takes place.

The Capital Programme is the term used for the Council's rolling plan of investment in both its own assets and those of its partners. The programme spans multi-years and contains a mix of individual schemes, many spanning more than one year. Some schemes will be specific investment projects while others may provide for an overarching schedule of thematic works e.g. "Highways".

Investing in assets can include expenditure on:

- Infrastructure such as highways, open spaces, coast protection;
- New build;
- Enhancement of buildings through renovation or remodelling;
- Major plant, equipment and vehicles;
- Capital contributions to other organisations enabling them to invest in assets that contributes to the delivery of the Council's priorities.

The Capital Programme is distinct from the Council's revenue budget which funds day-to-day services, but they are both linked and are managed together. This ensures they contribute to the Council's objectives set out in its County Plan and Corporate Asset Management Plan to achieve the most beneficial balance of investment within the resources available.

There is a strong link with the Treasury Management Strategy<sup>1</sup> that provides a framework for the borrowing and lending activity of the Council supporting the historic investment programme. Asset information can be obtained from the Corporate Property Group which manages the built estate as Corporate Landlord. Additional (non-property information) can be found within various service plans maintained by Services.

## 2. Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this

---

<sup>1</sup> Treasury Management Strategy link: *to be added when approved at Full Council*

includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

The Council has the ability to set a de-minimis level to capture only significant assets, however does not opt to do so. This allows the Council to review every item of expenditure and capitalise as appropriate.

- For details of the Council’s policy on capitalisation, see the accounting policy (No.14 PPE) within the annual statement of accounts:  
<http://www.somerset.gov.uk/information-and-statistics/financial-information/budgets-and-accounts/>

In 2019/20, the Council is planning capital expenditure of £196.230m. The following table shows our planned spend for the future:

*Table 1: Estimates of Capital Expenditure in £ millions*

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Capital Expenditure	103.606	126.733	196.230	103.633	71.598

This table includes both the current approved capital programme and the proposed 2019/20 programme due to be put to Full Council on 20<sup>th</sup> February 2019. For example, the 2019/20 budget of £196.230m is made up of £106.829m current programme and £89.4m 2019/20 proposed new schemes.

Service managers bid annually to include projects in the Council’s capital programme. Bids are collated by corporate finance who calculate the financing cost (which can be nil if the project is fully externally financed). The bids are appraised against a set criterion including a comparison of service priorities against financing costs. The Senior Leadership Team undertakes a final review before the draft capital programme is then presented to relevant Scrutiny Committee(s) prior to its consideration by the Cabinet in January for recommendation to Council in February each year.

For full details of the Council’s 2019/20 capital programme, see the council’s website at : <http://democracy.somerset.gov.uk/ieListDocuments.aspx?CId=134&MId=731&Ver=4>

All capital expenditure must be financed, either from external sources (government grants and other contributions such as S106 and CIL), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £ millions*

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget

External sources	86.155	103.401	124.301	53.561	29.966
Own resources	5.550	1.540	2.736	1.335	0
Debt	11.901	21.792	69.193	48.737	41.632
<b>TOTAL</b>	<b>103.606</b>	<b>126.733</b>	<b>196.230</b>	<b>103.633</b>	<b>71.598</b>

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Planned MRP budgets are as follows:

Table 3: MRP for the repayment of debt in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Own resources	0.000	1.039	2.269	3.910	4.927

- The Council's full minimum revenue provision statement is available here: [link to MRP statement going to audit committee in Jan19](#)

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP, lease principal repayments and capital receipts used to replace debt. The CFR is expected to increase by £66.924m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
<b>TOTAL CFR</b>	<b>366.115</b>	<b>386.868</b>	<b>453.792</b>	<b>498.619</b>	<b>535.324</b>

**Asset management:** To ensure that capital assets continue to be of long-term use and support the county plan, the Council has an asset management strategy in place.

- The Council's asset management strategy can be read here: <http://www.somerset.gov.uk/organisation/council-buildings/>. This strategy is due for renewal and is planned to be updated during 2019.

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £10.772m of capital receipts in the current financial year.

Table 5: Capital receipts in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget
TOTAL asset sales	7.799	10.772	9.850

Ministry of Housing, Communities and Local Government (MHCLG) have issued a 'flexible use of capital receipts' directive. This allows transformation projects which will save revenue budget to be funded from capital receipts. This directive was issued in 2016 and is extend until 2021/22. The Councils use and planned use of this can be found...*Summary to be presented to Cabinet* [\[link\]](#)

### 3. Treasury Management

#### **Treasury Management**

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

The budget for debt interest paid in 2019/20 is £16.12m, based on an average debt portfolio of £356.3m at an average interest rate of 4.52%. The budget for investment income in 2019/20 is £1.53m, based on an average investment portfolio of £160m at an interest rate of 0.95%. (These figures are net of balances held on behalf of external investors i.e. the Local Enterprise Partnership).

**Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, Private Financing Initiatives (PFI) liabilities, are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: External Debt and the Capital Financing Requirement in £ millions



	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Short term debt	8.360	10.000	10.000	10.000	10.000
Long term debt *	316.101	309.606	306.483	301.285	294.708
Assumed debt not yet taken	0.000	21.792	90.985	139.723	181.355
PFI & leases	44.118	42.948	41.972	40.970	39.872
Total external borrowing	368.579	384.346	449.440	491.978	525.935
Capital Financing Requirement	366.114	385.443	450.733	493.447	527.551

\*(reduces for MRP & debt repayment)

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

*Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit - borrowing	415.631	486.981	536.356	578.973
Authorised limit - PFI and leases	53.948	53.972	53.970	53.872
Authorised limit - total external debt	469.579	540.953	590.326	632.845
Operational boundary - borrowing	385.631	456.981	506.356	548.973
Operational boundary - PFI and leases	47.948	46.972	45.970	44.872
Operational boundary - total external debt	433.579	503.953	552.326	593.845

## 4. Investment Strategy

**Treasury investments:** arise from receiving cash before it is paid out again. Investments made for service reasons or for the purpose of generating a positive income (net of costs) are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the

government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

This capital strategy contains the prudential indicators approved by the council. The Treasury management strategy contains further details on treasury investments criteria and governance. There are also 3 Treasury management indicators that are set out in section 4 of the TMS for the adoption by the authority.

- the treasury management strategy is here *to be added when approved at Full Council*

**Non-Treasury investments:** describing the Council's approach to this is a new requirement of the Ministry of Housing, Communities and Local Government (MHCLG) and is also an area that members have indicated that they wish to investigate.

With central government financial support for local public services declining, the Council intends to explore investing in non-treasury investment options purely or mainly for financial gain. With this in mind a sum of £100m has been proposed in the Capital Programme as being identified for this purpose pending the appropriate strategy and governance being put in place. With financial return being the main objective, the Council accepts that there will almost certainly be higher risk on non-treasury investments than with treasury investments, hence robust procedures are required to ensure that all investments are thoroughly understood and well managed.

To create an Investment Strategy (for non-treasury investments), the framework must include:

- Criteria for which 'assets' to invest in, including specification of the balance / mix of a portfolio (i.e. asset types);
- Clear governance arrangements and democratic accountability ensuring transparent and open decision making and rigorous due diligence (property, legal, financial);
- Clear long term corporate strategies to set Council priorities, including:
  - Setting out balance of focus on local economic prosperity v income generation
  - Management of existing property assets (i.e. sell or retain), where relevant;
- Adequate resource, mainly across finance, legal and property to:

- carry out due diligence on potential opportunities
- support activity to manage investments once made;
- Sufficient investment funds to support the set-up costs, and;
- Sufficient flexibility within the Council's resources, for example in regard of CFR headroom.

Options for investment opportunities include:

- Physical assets, such as property and land. The Council does not have any of these held for investment purposes at present, although assessment of existing assets for alternative use not yet been undertaken. While this asset type does present the opportunity for local growth stimulation as well as the income and growth potential, a large investment is needed to produce a diversified portfolio, there are considerable set up costs and the time lag to generating a return can be significant.
- Businesses, such as solar farms, an energy company or innovation companies. The Council invests in none of these at present. This investment type can be quicker to deliver a return (than property) and can still support local economic growth, but there are still challenges to find opportunities and the need to secure relevant expertise to appraise business cases.
- Financial, such as loans, banks or investment funds. This asset type is easier to invest with more predictable costs than the other classes, and there are in-house skills to handle these investments. This asset also presents the opportunity for more diversification and better liquidity, although returns can be more volatile and there are ongoing fees. The Council will also need to maintain a close watch on the headroom within its CFR to ensure that this is not breached.

Given that non-treasury investments will be a new approach for Somerset County Council, it is essential that there are carefully considered governance arrangements put in place to ensure that there is robust appraisal of any investments that may be made. Examples of the type of arrangements that may be considered include:

- Investment Board – comprising members, officers and professional advisers (as required) to review and provide views on potential investment decisions to be undertaken by either the Cabinet Member for Resources or the Section 151 Officer. This Board would need to meet regularly for the Cabinet Member or Section 151 Officer to be able to act swiftly on any opportunities presented to the Board;
- Gateway process – to determine whether to pursue a proposal. Clear criteria need to be pre-determined and rigorously applied (to minimise optimism bias);
- Cabinet / Cabinet Member for Resources / Section 151 Officer approval – the Councils constitution (Cabinet Scheme of Delegation) would need amending to clarify the proposed decision-making arrangements and any limits or internal consultation requirements prior to the exercise of delegated powers.

Depending on the assets that might be invested in, and particularly in regard of property investments, it may be necessary to have a:

- Shareholder Board - comprising members and professional advisers to ensure effective oversight of the property portfolio and alignment with corporate priorities;
- 'Property' Company – 'arms-length' company would be required to make any investments in properties for financial gain (rather than economic prosperity).

Some of the principal risks that the Council needs to address in formulating its approach to non-treasury investments are:

- Failing to identify realistic net gains – being over-ambitious could lead to investments with an inappropriate level of risk;
- Some investments will not pay back immediately, requiring an investment approach which is affordable in cash-flow terms;
- Not setting out clear parameters for investment areas (e.g. retail, commercial, residential portfolio mix);
- An inability to secure adequate commercial skills / resource to advise on the investment options;
- Allowing insufficient time to set up rigorous due diligence, governance and transparent democratic accountability;
- Not establishing 'smart' democratic processes to ensure investments can be approved at pace, and;
- The Government are taking steps to tighten this area of local authority investment – they have indicated they may go further in the near future.

In order that commercial investments remain proportionate to the size of the Authority, they will be subject to an overall maximum investment limit, which will be set by the Council in due course. At present the suggested indicative future value of these investments is £100m per the draft Capital Programme; there is no potential investment return built into the MTFP at this time apart from a notional £250k identified as a pipeline saving in 2020/21. If and when any income is built into the revenue budget, then contingency plans will need to be in place should expected yields not materialise.

It is proposed, in the covering report to this Strategy, that the Cabinet delegates authority to small working group of members and officers to create the necessary governance, systems and processes to ensure that the non-treasury investment approach can be realised within 2019/20.

## 5. Other long-term liabilities

In addition to debt of £368.579m detailed above, the Council is committed to making future payments to cover its pension fund deficit. This is reported in the 2017/18 accounts at £802.463m (as at 31/03/2018). It has also set aside £11.530m (as at 31/03/2018) to cover risks of insurance claims, business rate appeals and other legal claims. The Council is also at risk of having to pay for contingent liabilities but has not put aside any money because of the low risk and uncertainties around potential value.

**Governance:** Decisions on incurring new discretionary liabilities will initially be considered by service managers for discussion with the relevant director. If it is recommended that the liability may be undertaken then the relevant director will consult with the Chief Finance Officer (S151 officer), Monitoring Officer and County Solicitor before any recommendation is made to the Senior Leadership Team prior to any decisions taken. Depending on the extent of the liability envisaged, it may be necessary to make a formal decision through a democratic process. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported quarterly to audit committee. New liabilities exceeding £500m are reported to Cabinet and Full Council for approval.

- Further details on provisions and contingent liabilities are on pages 123 and 134 of the 2017/18 statement of accounts:  
<http://www.somerset.gov.uk/information-and-statistics/financial-information/budgets-and-accounts/>

## 6. Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

*Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream*

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Financing costs (£m)	19.930	24.315	23.266	26.661	28.922
Proportion of net revenue stream	6.39%	5.97%	6.91%	8.15%	8.60%

- Further details on the revenue implications of capital expenditure are on pages [X] to [X] of the 2019/20 revenue budget [\[link\]](#)

**Sustainability:** Due to the long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend into the future years. The Interim Finance Director is satisfied the proposed capital programme is prudent, affordable and sustainable. This follows scrutiny of all capital bids against set criteria:

Key	
Grant/ contribution funded	Fully financed from external funding (i.e. No SCC requirement)
Part funded - part debt financed	Significant external funding. Some requirement for SCC debt
Contractually committed schemes	Schemes underway with contracts. Revenue cost implications to withdraw
Statutory/compliance	Subject to value for money assessment before they are undertaken
Invest to save and reduce operational costs	Full business case provided to evidence payback vs debt costs
Invest to generate a net income stream	Full business case provided to evidence payback vs debt costs
Invest in wider economic growth	Full business case provided to evidence payback vs debt costs
Response to public/partner requests	Non statutory, with no external funding or direct payback
Discretionary schemes	Non statutory, with no external funding or direct payback

Only schemes that will have full approved funding in place are consider as part of the capital programme and the cost impact of borrowing forms part of the revenue medium term financial planning.

## 7. Knowledge and Skills

The Council employs professionally qualified and experienced staff in all positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Chief Finance Officer will always be a qualified accountant with substantial experience and there is a range of significant experience and expertise within the Treasury Team. Where necessary, the Council pays for junior staff to study towards relevant professional qualifications, for example CIPFA.

Where the Council needs additional resources, external validation of officers work or where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing additional resources directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

## Minimum Revenue Provision Statement 2018/19

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended], local authorities are required to charge a Minimum Revenue Provision (MRP) to their revenue account in each financial year. Before 2008, the 2003 Regulations contained details of the method that local authorities were required to use when calculating MRP. This has been replaced by the current Regulation 28 of the 2003 Regulations, which gives local authorities flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to statutory guidance (issued by the Secretary of State).

An underpinning principle of the local authority financial system is that all capital expenditure must be financed either from capital receipts, capital grants (or other contributions) or eventually from revenue income. The broad aim of prudent provision is to require local authorities to put aside revenue over time to cover their Capital Financing Requirement (CFR). In doing so, local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits (often referred to as 'useful economic life').

The guidance requires the Authority to approve an Annual MRP Statement each year and recommends several options for calculating a prudent amount of MRP.

Having reviewed the options suggested by the guidance and considered the historic information available to the authority for previous years capital expenditure funded from un-supported borrowing, the Authority proposes an MRP policy based on two distinct components:

1. An element based on the period the capital expenditure provides benefit to the authority, as per the maximum useful economic lives (UEL) in the table below:

ASSET CLASS	MAXIMUM UEL
Freehold Land	999 years
Freehold Buildings	99 years (dependant on specific-asset information provided by the Council's RICS qualified valuation team)
Leased Land	Length of lease term or asset UEL, whichever is lower
Leased Buildings	Length of lease term or asset UEL, whichever is lower
Plant & Equipment (owned)	10 years

Plant & Equipment (leased)	Length of lease term or asset UEL, whichever is lower
IT	7 years
Intangible (software licences)	Length of licence term
Infrastructure	64 years
Heritage	999 years
Assets Held for Sale	Dependant on the asset class prior to being reclassified as held for sale

For un-supported loans funded capital expenditure prior to 1<sup>st</sup> April 2018 there was no direct link between individual assets and their funding types, so it has not been possible for the authority to analyse the CFR (as at 31<sup>st</sup> March 2018) by specific loans-funded assets. It is the Council's intention to apportion the CFR balance (as at 31<sup>st</sup> March 2018) of £366.115m over the weighted average life (based on the useful economic lives) of the Council's entire asset portfolio – as reported in the 17/18 published accounts.

Any capital expenditure funded from un-supported borrowing post 1<sup>st</sup> April 18 will have a direct link to the benefit being received (asset) on the accounting system, it is therefore the Council's intention to put aside revenue for this element of the CFR on an asset by asset basis – having considered the useful economic lives in the table above.

Paragraph 40 of the statutory guidance suggests that the MRP should normally commence in the financial year following the one in which the expenditure was incurred, so capital expenditure incurred during 2018/19 will not be subject to a MRP charge until 2019/20.

2. An additional element to ensure the authority has enough put aside to meet the repayment dates of the loans when they fall due.

Paragraph 14 of the statutory guidance identifies a concern over an authorities' ability to fully provide for its debt based on current levels of MRP. As relying on continuing access to PWLB to repay debt when it falls due does not represent a prudent approach, we are planning to make an additional MRP payment of £0.400m each year (incrementally) over and above the MRP charge identified in point 1. This planned incremental increase each year will ensure we have enough put aside to meet the repayment dates of existing debt instruments when they fall due. This has been confirmed by a detailed review of the current debt maturity profile. We will continue to monitor the MRP and repayment profile of the Council's debt instruments, and if future borrowing creates a potential shortfall, we will increase the additional MRP accordingly to ensure significant provision is put aside.

NB. This proposal excludes leased assets, as their MRP requirement has been met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability when the rent is paid.



Based on the Authority's Capital Financing Requirement on 31st March 2018, the budget for 2018/19 MRP has been set as follows:

	31.03.2018 CFR £m	2018/19 MRP £m
<u>Capital Expenditure</u>		
Capital expenditure before 01.04.2018	366.115	1.039
<u>Additional Contribution</u>		
Additional Contribution (2018/19)	-	0.400
<b>Total</b>	<b>366.115</b>	<b>1.439</b>

This page is intentionally left blank

Cabinet

- 11<sup>th</sup> February 2019

Treasury Management Strategy Statement 2019-20

Cabinet Member: Cllr Mandy Chilcott – Cabinet Member, Resources

Division and Local Member: All

Lead Officer: Peter Lewis – Interim Director of Finance (Section 151 Officer)

Author: Alan Sanford – Principal Investment Officer

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

<b>Report Sign off</b>	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
	County Solicitor	Honor Clarke	21-01-2019
	Monitoring Officer	Scott Wooldridge	21-01-2019
	Corporate Finance	Peter Lewis	17-01-2019
	Human Resources	Chris Squire	21-01-2019
	Senior Manager	Stephen Morton	14-01-2019
	Cabinet Member	Cllr Mandy Chilcott	21-01-2019
	Opposition Spokesperson	Cllr Liz Leyshon	21-01-2019
	Relevant Scrutiny Chairman	Cllr Anna Groskop	21-01-2019
<b>Forward Plan Reference:</b>	FP/17/11/01		
<b>Summary:</b>	<p>The Council recognises that effective treasury management underpins the achievement of its business and service objectives and is essential for maintaining a sound financial reputation. It is therefore committed to driving value from all of its treasury management activities and to employing suitable performance measurement techniques, within the context of effective risk management.</p> <p>This report brings together the requirements of the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services Code of Practice Revised 2017 Edition (CIPFA TM Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities: Revised 2017 Edition (CIPFA Prudential Code). Whilst most of the requirements of the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance are no longer relevant to Treasury Management Investments (it now overwhelmingly refers to non-treasury investments), it does adhere to MHCLG guidance to prioritise Security, Liquidity and Yield, in that order.</p> <p>The Council currently holds £324.55m of debt as part of its strategy for funding previous years' capital programmes. Of this,</p>		

	<p>£159.05m is Public Works Loan Board (PWLB) debt, £108m is Lender Option Borrower Option (LOBO) debt, and a further £57.5m of fixed rate bank loans. As at 31<sup>st</sup> December the average rate paid on all debt was 4.66%.</p> <p>Investment balances for 2018-19 to the 31<sup>st</sup> December have ranged between £185m to £251m, averaging £218m. These balances include approximately £60m of cash held on behalf of other entities, just over £53m as at 31<sup>st</sup> December being for the Local Enterprise Partnership (LEP). An average rate of 0.95% has been achieved, yielding an annual income in excess of £2m. Within this figure £10m is invested with the Churches, Charities, Local Authorities (CCLA) pooled Property Fund, currently yielding in excess of 4%.</p> <p>A new Investment Strategy paper covering non-treasury investments is to be presented separately at this meeting.</p>
<b>Recommendations:</b>	<p>The Cabinet is asked to endorse the following and recommend approval by Council on 20<sup>th</sup> February 2019:</p> <ul style="list-style-type: none"> <li>• To adopt the Treasury Borrowing Strategy (as shown in Section 2 of the report).</li> <li>• To approve the Treasury Investment Strategy (as shown in Section 3 of the report) and proposed Lending Counterparty Criteria (attached at Appendix B to the report).</li> <li>• To adopt the Prudential Treasury Indicators in section 4.</li> </ul> <p>The Cabinet is recommended:</p> <ul style="list-style-type: none"> <li>• To note the current Treasury Management Practices (TMPs) attached at Appendix D to the report.</li> <li>•</li> </ul>
<b>Reasons for recommendations</b>	<p>Under new CIPFA guidance the Treasury Management Strategy (TMS) can be delegated to a committee of the Council under certain conditions. However, it is seen as a key element of the overall Capital Strategy and as that must be presented to the Full Council, it is regarded as appropriate that the TMS should be part of that process.</p>
<b>Links to Priorities and Impact on Service Plans:</b>	<p>Effective Treasury Management provides support to the range of business and service level objectives that together help to deliver the Somerset County Plan.</p>
<b>Consultations undertaken:</b>	<p>None</p>

<b>Financial Implications:</b>	The budget for investment income in 2019-20 is £1.53m, based on an average investment portfolio of £160m at an interest rate of 0.95%. (These figures are net of balances held on behalf of external investors i.e. the Local Enterprise Partnership). The budget for debt interest paid in 2019-20 is £16.12m, based on an average debt portfolio of £356.3m at an average interest rate of 4.52%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.
<b>Legal Implications:</b>	Treasury Management must operate within specified legal and regulatory parameters as set out in the summary, and in more detail in the TMPs.
<b>HR Implications:</b>	None
<b>Risk Implications:</b>	The TMS is the Council's document that sets out strategy and proposed activities to conduct Treasury Management 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.
<b>Other Implications (including due regard implications):</b>	None
<b>Scrutiny comments / recommendation (if any):</b>	The Audit Committee is the body responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **1. Introduction and Background**

Treasury management is the management of the Council's cash flows, borrowing and treasury investments, and the associated risks. The Council has significant debt and treasury investment portfolios and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Investments held for service purposes or for commercial profit, collectively referred to as non-treasury investments, are considered in a new report, the Investment Strategy.

Treasury risk management at the Council is conducted within the framework of the CIPFA Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Non-treasury investments are substantially covered by the 2018 Revised MCHLG guidance in the separate Investment Strategy.

Under Section 3 of the LGA 2003 (duty to determine affordable borrowing limit), a Local Council 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. 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, the maturity structure of borrowing, and longer-term investments.

In formulating the Treasury Management Strategy, 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.

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.

### **External Context**

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2019-20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year-on-year, broadly in line with the Bank of England's (BoE) November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while wages, adjusted for inflation grew by 1.0%.

At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the BoE's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the BoE expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee (MPC) continues to reiterate that any further increases will be at a gradual pace and limited in extent.

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts. The BoE released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

The Council's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The BoE's MPC has maintained expectations for slow and steady rate rises over the forecast horizon.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck, and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (at the time of writing this commentary in mid-December). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

An economic and interest rate forecast provided by Arlingclose is attached at Appendix C.



### Internal Context

As at 31st December 2018 the external long-term debt portfolio of SCC stood at just over £324m as in the table below.

	<b>Balance on 31-03-2018 £m</b>	<b>Debt Matured / Repaid £m</b>	<b>New Borrowing £m</b>	<b>Balance on 31-12-2018 £m</b>	<b>Increase/ Decrease in Borrowing £m</b>
Short Term Borrowing	0.00	0.00	0.00	0.00	0.00
PWLB	159.05	0.00	0.00	159.05	0.00
LOBOs	113.00	5.00	0.00	108.00	-5.00
Fixed Rate Loans	57.50	0.00	0.00	57.50	0.00
<b>Total Borrowing</b>	<b>329.55</b>	<b>5.00</b>	<b>0.00</b>	<b>324.55</b>	<b>-5.00</b>

The investment portfolio at the same time stood at just over £191m, although approximately £60m of this was held on behalf of other entities, just over £53m being for the Local Enterprise Partnership (LEP).

	<b>Balance as at 31-03- 2018 £m</b>	<b>Rate of Return at 31-3-2018 %</b>	<b>Balance as at 31-12- 2018 £m</b>	<b>Rate of Return at 31-12-2018 %</b>
Short-Term Balances (Variable)	16.89	0.49	30.49	0.75
Comfund (Fixed)	179.68	0.69	151.15	0.94
CCLA Property Fund	10.00	4.22	10.00	4.07
<b>Total Lending</b>	<b>206.57</b>	<b>0.84</b>	<b>191.64</b>	<b>1.07</b>

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while useable reserves and working capital are the underlying resources available for investment.

Statutory guidance is that debt should remain below the CFR, except in the short-term. The Council expects to comply with this in the medium term.

In the table below, as shown in the Capital Strategy, the 'Assumed debt not yet taken' row indicates that £91m of new borrowing could be needed by the end of March 2020. Timings of actual capital expenditure linked to the capital plan are not totally predictable, but it is envisaged that significant levels of borrowing may be necessary during 2019-20.

External Debt and the Capital Financing Requirement in £ millions

	<b>31.3.2018 actual</b>	<b>31.3.2019 forecast</b>	<b>31.3.2020 budget</b>	<b>31.3.2021 budget</b>	<b>31.3.2022 budget</b>
Short term debt	8.360	10.000	10.000	10.000	10.000
Long term debt *	316.101	309.606	306.483	301.285	294.708
Assumed debt not yet taken	0.000	21.792	90.985	139.723	181.355
PFI & leases	44.118	42.948	41.972	40.970	39.872
Total external borrowing	<b>368.579</b>	<b>384.346</b>	<b>449.440</b>	<b>491.978</b>	<b>525.935</b>
Capital Financing Requirement	<b>366.114</b>	<b>385.443</b>	<b>450.733</b>	<b>493.447</b>	<b>527.551</b>

\*Reduces for Minimum Revenue Provision (MRP) & debt repayment

SCC has a projected cash income of approximately £800m for 2019-20.

These factors represent significant cash flow, and debt and investment portfolio management for the Council's Officers. In the current financial and economic environment and taking into account potential influencing factors, 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. Borrowing Strategy

The Council currently holds £324.55m of loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in the table above shows that the Council may have a need to borrow up to £91m by the end of 2019-20.

**Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

The Council will adhere to MHCLG guidance, which states "Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed".

**Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow shorter-term loans instead, i.e. from Local Authorities for 1-3 years, or PWLB for 5-10 years.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019-20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The use of Call Accounts and MMFs will continue for short-term liquidity; However, it may be appropriate and/or necessary to borrow short-term (1 week to 3 months) 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.

**Sources of borrowing:** Approved sources of borrowing are cited in the TMPs. Whilst all options will be considered, it is most likely that the primary source for borrowing will be the Public Works Loan Board (PWLB). It is envisaged that any new borrowing, should it be taken, will be in the short to medium-term periods (up to 25 years), as this is most compatible with the current maturity profile. Interest rates for these maturities are expected to remain lowest as the continued economic uncertainty necessitates lower interest rates for longer. Variable rate loans also 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 (1-3 years) from other Local Authorities.

No new borrowing will be in the form of LOBOs. 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 will also investigate opportunities to repay where a lender is looking to exit the LOBO by selling the loan. This would be undertaken in conjunction with our treasury advisors. 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. The 'Maturity Structure of Borrowing' indicators have been set to allow for this contingency strategy.

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. Officers continually monitor repayment rates and calculate premiums to identify opportunities to repay or reschedule PWLB loans.

### **3. Investment Strategy**

In 2018, the MHCLG issued revised Statutory Guidance on Local Government Investments (3rd Edition). It states "Investments made by local authorities can be classified into one of two main categories:

- Investments held for treasury management purposes; and
- Other investments.

"Where local authorities hold treasury management investments, they should apply the principles set out in the Treasury Management Code. They should disclose that the contribution that these investments make to the objectives of the local authority is to support effective treasury management activities. The only other element of this Guidance that applies to treasury management investments is the requirement to prioritise Security, Liquidity and Yield in that order of importance".

The changes made to the 3rd edition of this Guidance reflect changes in patterns of local authority behaviour. Some local authorities are investing in non-financial assets, with the primary aim of generating profit. Others are entering into very long-term investments or providing loans to local enterprises or third sector entities as part of regeneration or economic growth projects that are in line with their wider role for regeneration and place making.

In addition, the National Audit Office and the Public Accounts Committee have raised a number of concerns about local authority behaviour that this guidance aims to address. These are:

- Local authorities are exposing themselves to too much financial risk through borrowing and investment decisions;
- There is not enough transparency to understand the exposure that local authorities have as a result of borrowing and investment decisions; and
- Members do not always have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.

This strategy applies only to investments held for treasury purposes. Any non-treasury investments are dealt with in a separate Investment Strategy (separate agenda item). The Council's treasury 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 can be lent over a longer timeframe. Total balances for 2018-19 to the end of November have ranged between £185m to £251m, averaging £218m to the 31<sup>st</sup> December 2018. These balances include approximately £60m of cash held on behalf of other entities, just over £53m being for the Local Enterprise Partnership (LEP).

If a passive borrowing strategy is adopted, i.e. internal borrowing to fund capital expenditure, investment levels will decrease. If Arlingcloses' 'cost of carry' and breakeven analysis determines that the Council borrows additional sums at long-term fixed rates in 2019-20 with a view to keeping future interest costs low, investment balances could possibly be higher.

**Objectives:** The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

**Negative interest rates:** If the UK enters into a recession in 2019-20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Strategy:** Investment strategy will largely be driven by the implementation of the borrowing strategy.

- If a passive borrowing strategy is adopted, investment levels will decrease. In this scenario, investments will need to be kept short to meet proposed capital spend. As currently, the majority of funds would likely be invested via short-term deposits with highly rated banks, local authorities, and the use of the money market funds, providing security via diversification, and liquidity.
- If 'cost of carry' and breakeven analysis suggests that the Council should borrow additional sums at long-term fixed rates in 2019-20, balances would increase, potentially significantly. In this case it may be more appropriate to diversify a proportion of investments into more secure and/or higher yielding asset classes during 2019-20.

**Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Implementation:** The Section 151 Officer (Director of Finance) 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. This is done by using only the agreed investment instruments, and credit criteria below and in appendix B. 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).

**Approved Investments:** The list below shows currently approved instruments, with a brief description of current and potential investment instrument characteristics underneath.

- 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
- 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, and for Property Funds for 5 years plus.

\* Following EU reform to the operation and management of Money Market Funds 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. Those used by SCC have convert to LVNAV. LVNAV funds have to operate within tighter requirements (e.g. tolerance of the fund's NAV deviating from £1 narrows from 99.5p to 99.8p; and higher liquidity requirements).

**Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

**Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

**Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Pooled funds:** Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Approved counterparties – Credit Rated:** SCC maintains a restricted list of financial institutions to be used as counterparties, and in accordance with the credit criteria set out in appendix B. Any proposed additions to the list must be approved by the Section 151 Officer (Director of Finance).



**Approved counterparties – Non-Credit Rated:** As investment decisions are never made solely based on credit ratings, and some institutions may not have ratings at all, account will be taken of any relevant credit criteria in appendix B, and any other relevant factors including advice from our treasury advisors for the approval of individual institutions. Again, this will be specifically authorised by the Section 151 Officer (Director of Finance).

**Credit rating:** 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.

SCC will continuously monitor counterparties creditworthiness. 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. (MHCLG guidance states that a credit rating agency is one of Standard & Poor's, Moody's Investor Services Ltd, and Fitch Ratings Ltd). 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) before they are used. Any changes to ratings that put the counterparty below the minimum acceptable credit quality whilst we have a deposit, or a marketable instrument will be brought to the attention of the Section 151 Officer (Director of Finance) 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. Investment limits are set by reference to the lowest published long-term credit rating from the three rating agencies mentioned above. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including those outlined below.

- 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

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.

The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

**Investment limits:** Investment limits are set out in appendix B. In setting criteria in appendix B, account is taken of both expected and possible balances, the availability and accessibility of the various instruments to be used, and their security, liquidity, and yield characteristics.

**Liquidity management:** The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

#### **4. Prudential and Treasury Management Indicators**

The Council measures and manages its exposures to treasury management risks using the following indicators.

The Authorised Limit and Operational Boundary are Prudential Indicators and are authorised by Full Council as part of the Capital Strategy. They are included here for information only. The 'Maturity Structure of Borrowing', 'Principal sums invested for periods longer than a year', and 'Credit Risk' Indicators are specific Treasury Management Indicators and are to be adopted as per the recommendations set out in this paper.

**Authorised limit and Operational Boundary:** The Council is required to set an authorised limit and an operational boundary for external debt. In order that the preceding borrowing strategy can be carried out, the following Prudential Indicators have been proposed to Council in the Capital Strategy but are shown again here to give the full picture. (These figures rounded to nearest million)

	2019-20 £m	2020-21 £m	2021-22 £m
Authorised limit			
Borrowing	487	536	579
Other Long-Term Liabilities	54	54	54
Total	541	590	633
Operational boundary			
Borrowing	457	506	549
Other Long-Term Liabilities	47	46	45
Total	504	552	594

**Maturity Structure of Borrowing:** The Council has set for the forthcoming year, both the upper and lower limits with respect to the maturity structure of its borrowing. The calculation is the amount of projected borrowing maturing in each period, expressed as a percentage of the total projected borrowing. CIPFA Code guidance for the 'maturity structure' indicator states 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, 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. The three shorter-dated bands have each increased by 5%, otherwise the bands and limits remain as for 2018-19 and are: -

	Upper Limit	Lower Limit
Under 12 months	50%	15%
>12 months and within 24 months	25%	0%
>24 months and within 5 years	25%	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%

**Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments.

The prime policy objectives of local authority investment activities are the security and liquidity of funds, and authorities should avoid exposing public funds to unnecessary or unquantified risk. Authorities should consider the return on their investments; however, this should not be at the expense of security and liquidity. It is therefore important that authorities adopt an appropriate approach to risk management with regards to their investment activities. Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Authorities should also consider carefully whether they can demonstrate value for money in borrowing in advance of need and can ensure the security of such funds. These principles should be borne in mind when investments are made, particularly for the medium to long term. It is proposed that SCC will have a rolling portfolio of cash deposits via the Comfund, including the possibility of some in excess of one year. Should the Council wish to diversify more into pooled funds, it would be the Council’s intention to be invested in these for periods of 1-5 years plus. Therefore, a prudential indicator of £40m is deemed necessary for year 1, with anticipated reductions at this point, in years 2 and 3.

	2019-20	2020-21	2021-22
	£m	£m	£m
Prudential Limit for principal sums invested for periods longer than 1 year	40	40	40

The sums indicated in this indicator do not include any investment in non-Treasury Investments covered by a separate Investment Strategy.

**Credit Risk Indicator:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk (in conjunction with Arlingclose) and will be calculated quarterly.

Credit risk indicator	Target
Portfolio average credit rating (score)	A (6.0)

CIPFA no longer recommends setting upper limits on fixed and variable rate exposures, so these are no longer calculated for this paper.

## 5. Other Matters

The CIPFA Code requires the Council to include the following in its treasury management strategy.

**Derivative Instruments:** The code requires that the Council must explicitly state whether it plans to use derivative instruments to manage risks. The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). However, the Council 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.

**External Service Providers:** The code states that external service providers should be reviewed regularly and that services provided are clearly documented, and that the quality of that service is controlled and understood.

SCC recognises, as per CIPFA guidance, that, "the overall responsibility for treasury management must always remain with the Council". So as not to place undue reliance on treasury advisors and other external services, SCC has always sourced its own information, 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 services provided can be challenged, and that undue reliance is not placed on them.

**Member Training:** 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, and particularly non-treasury investments demand appropriate skills.

The new Investment Strategy demands a greater level of understanding and involvement by members, and that document sets out the specific requirements for that purpose; However, there should still be an appropriate level of skills and understanding applied to the Treasury Management Strategy.

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.

**Markets in Financial Instruments Directive II (MiFID II):** As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met. This included having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the Council have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to 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 and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. As a result, the Council will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

## **6. Background papers**

Local Government Act 2003 – Guidance under section 15(1)(a) 3rd Edition, effective from 1 April 2018.

The CIPFA ‘Treasury Management in the Public Services’ Code of Practice Revised Edition 2017.

CIPFA Prudential Code for Capital Finance in Local Authorities: Revised Edition 2017.

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

## **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 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.



## **SCC Lending Counterparty Criteria 2019-20 Appendix B**

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 is passed by Full Council at its meeting in February 2019.

Please note that the limits in this appendix apply only to Treasury Management Investments, not to those detailed in the Separate Investment Strategy.

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. This is approximately 8.0% of maximum balance, 9.2% of average balance for the year to 31<sup>st</sup> December 2018-19. The % may be significantly less if borrowing up to the CFR is taken early in the year.

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. This is approximately 10.0% of maximum balance, 11.5% of average balance for the year to 31<sup>st</sup> December 2018-19. The % may be significantly less if borrowing up to the CFR is taken early in the year.

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 are currently within the minimum criteria. If they should fall below 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	<b>F1+</b>	Exceptionally strong	<b>P-1</b>	Superior	<b>A-1+</b>	Extremely strong
	<b>F1</b>	Highest quality			<b>A-1</b>	Strong
	<b>F2</b>	Good quality	<b>P-2</b>	Strong	<b>A-2</b>	Satisfactory
	<b>F3</b>	Fair quality	<b>P-3</b>	Acceptable	<b>A-3</b>	Adequate
	<b>B</b>	Speculative	<b>NP</b>	Questionable	<b>B and below</b>	Significant speculative characteristics
	<b>C</b>	High default risk				
	<b>(+) or (-)</b>		<b>(1,2, or 3)</b>		<b>(+) or (-)</b>	
Long-Term	<b>AAA</b>	Highest quality	<b>Aaa</b>	Exceptional	<b>AAA</b>	Extremely strong
	<b>AA</b>	V High quality	<b>Aa</b>	Excellent	<b>AA</b>	Very strong
	<b>A</b>	High quality	<b>A</b>	Good	<b>A</b>	Strong
	<b>BBB</b>	Good quality	<b>Baa</b>	Adequate	<b>BBB</b>	Adequate capacity
	<b>BB</b>	Speculative	<b>Ba</b>	Questionable	<b>BB and below</b>	Significant speculative characteristics
	<b>B</b>	Highly Speculative	<b>B</b>	Poor		
	<b>CCC</b>	High default risk	<b>Caa</b>	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 £30m. This is approximately 12.0% of maximum balance, 13.6% of average balance for the year to 31<sup>st</sup> December 2018-19. The % may be significantly less if borrowing up to the CFR is taken early in the year.

## **Money Market Funds**

With regulatory changes now effected, previously titled Constant Net Asset Value (CNAV) Money Market Funds have been converted into Low Volatility Net Asset Value (LVNAV) funds. Any LVNAV Fund used 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 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**

The Council will continue to 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

This page is intentionally left blank

### Arlingclose Economic Outlook & Interest Rate Forecast

#### Economic Outlook

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019-20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year on year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

#### Credit Outlook

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the

ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

### **Interest rate forecast**

Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (*at the time of writing this commentary in mid-December*). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

The table below highlights the forecast for key benchmark rates

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.13
Downside risk	0.00	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-0.85
<b>3-mth money market rate</b>														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.90	0.95	1.10	1.30	1.40	1.40	1.40	1.35	1.35	1.35	1.35	1.35	1.35	1.27
Downside risk	-0.20	-0.45	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.76
<b>1-yr money market rate</b>														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.70	1.60	1.50	1.40	1.35	1.35	1.35	1.35	1.35	1.40
Downside risk	-0.35	-0.50	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.77
<b>5-yr gilt yield</b>														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.50	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.33
Downside risk	-0.50	-0.60	-0.65	-0.80	-0.80	-0.70	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.66
<b>10-yr gilt yield</b>														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.50	1.65	1.70	1.80	1.80	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	-0.55	-0.70	-0.70	-0.80	-0.80	-0.75	-0.75	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.71
<b>20-yr gilt yield</b>														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	2.00	2.10	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.18
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>50-yr gilt yield</b>														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.99
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

### Underlying assumptions:

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but

more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.

- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

**Forecast:**

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.



**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:*

Alan Sanford, Treasury Management, Somerset County Council

Tel: 01823 359585/6

Email: [alsanford@somerset.gov.uk](mailto:alsanford@somerset.gov.uk)

## **SCHEDULES TO THE TREASURY MANAGEMENT PRACTICES**

	<b>Page</b>
<b>TMP 1 Risk management – Schedule A</b>	<b>13</b>
<b>TMP 2 Performance measurement – Schedule B</b>	<b>25</b>
<b>TMP 3 Decision-making and analysis – Schedule C</b>	<b>30</b>
<b>TMP 4 Approved instruments, methods and techniques – Schedule D</b>	<b>32</b>
<b>TMP 5 Organisation, clarity and segregation of responsibilities and dealing arrangements – Schedule E</b>	<b>34</b>
<b>TMP 6 Reporting requirements and management Information arrangements – Schedule F</b>	<b>39</b>
<b>TMP 7 Budgeting, accounting and audit arrangements – Schedule G</b>	<b>41</b>
<b>TMP 8 Cash and cash flow management – Schedule H</b>	<b>42</b>
<b>TMP 9 Money laundering – Schedule I</b>	<b>43</b>
<b>TMP 10 Training and qualifications – Schedule J</b>	<b>45</b>
<b>TMP 11 Use of external service providers – Schedule K</b>	<b>47</b>
<b>TMP 12 Corporate governance – Schedule L</b>	<b>49</b>
<b>Explanation of investment terms and instruments – Schedule M</b>	<b>50</b>
<b>TMP 1 Risk Management – Authorised Counterparties – Schedule N</b>	<b>54</b>

## **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 1<sup>st</sup> 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: -

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
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 OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS SCHEDULE E**

## **5.1 Limits to responsibilities / discretion at Council / Executive levels**

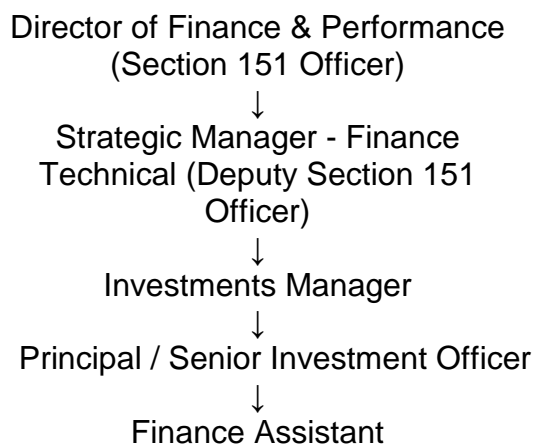
- ✓ Full Council will approve the Prudential Indicators and revise them as and when necessary
- ✓ Full Council will receive and review reports on treasury management policies, strategies, and activities.
- ✓ The Director of Finance & Performance (Section 151 Officer) will be responsible for amendments 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.

## **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.

**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](http://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](http://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	<b>Sterling CNAV Money Market Funds</b>	
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	<b>Other</b>	
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 .....

This page is intentionally left blank



Decision Report – Cabinet

- 19 February 2019

**Proposals for the alteration and / or reduction of early help services provided to children and families - getset**

Cabinet Member(s): Cllr Frances Nicholson – Cabinet Member for Children’s Services Division and Local Member(s): All

Lead Officer: Julian Wooster, Director of Children’s Services

Author: Philippa Granthier, Assistant Director – Commissioning and Performance

Contact Details: [pgranthier@somerset.gov.uk](mailto:pgranthier@somerset.gov.uk)

Forward Plan Reference: FP/19/01/05

<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
County Solicitor	Thomas Woodhams	28/01/2019
Monitoring Officer	Scott Wooldridge	28/01/2019
Corporate Finance	Peter Lewis	30/01/2019
Human Resources	Chris Squire	30/01/2019
Property / Procurement / ICT	Simon Clifford (ICT)	30/01/2019
Senior Manager	Julian Wooster	28/01/2019
Local Member(s)	All (Members information sheet)	25/01/2019
Cabinet Member	Cllr Frances Nicholson	25/01/2019
Opposition Spokesperson	Cllr Jane Lock	25/01/2019
Relevant Scrutiny Chairman	Cllr Leigh Redman for Scrutiny for Policies Children & Families Committee	25/01/2019

**1 Summary**

On the 12 September 2018, Cabinet approved two proposals relating to changes within the getset service:

- CAF-14a relating to reductions in staffing levels across the service as a response to current demand levels and increasing caseload targets
- CAF-14b relating to the launch of a public consultation exercise to review the provision of Somerset County Council early help services, to include the proposal that SCC no longer provide level 2 services.

The public consultation approved under CAF-14b has now been undertaken and ran for 8 weeks from Monday 5 November 2018 to the 31 December 2018. Nearly 900 people took part in a detailed consultation into the future of Somerset’s getset service – providing valuable insight and helpful comments. We are grateful for the time and consideration residents and professional staff gave to the Council. The full consultation response can be found at Appendix 2 and helped inform proposals on how to extend and improve the service.

The proposal is that for 2019/20 the service focus will be to promote prevention in the community. It should be noted that this activity will be to move towards investment in direct service provision which will include an amount set aside to provide important and

valuable “seed” investment in the community sector to develop early help projects and support (£200k).

The aim, and to reflect public and professional comments and responses within the consultation, is to strengthen prevention opportunities within targeted communities while working alongside key partners such as schools.

## 2 Recommendations

**That the Cabinet approves:**

- 1. The proposals set out in Appendix 1 to improve Somerset’s early help approach.**
- 2. The delegation of the award of the commissioning/grant fund to the Director of Children’s Services.**
- 3. Commitment to fund £124k one off implementation costs, should the getset underspend in 2018/19 not be approved to be carried forward by Cabinet in June 2019, enabling development work of the electronic early help module to support partners in delivering early help.**
- 4. The delegation of the approval of business cases to the Director of Children’s Services and Director of Corporate Affairs for the implementation of the electronic early help module (See Appendix 1 Section 2).**

## 3 Reasons for Recommendations

The Council’s getset services are only a small part of Somerset’s early help offer. Early help is what we call the services for children, young people and their families who are having difficulties that they can usually overcome or manage with a little bit of support from different organisations working together with them.

The council has invested, and will continue to fund, level 3 services which also provides support to families with more complex needs, before statutory social care intervention is required. The council acknowledge that more needs to be done to co-ordinate the range of activities available both within the council and with external partners, and actively plans to address this over 2019 with the proposals set out in Appendix 1.

The National Audit Office report on “Pressures on children’s social care” published in January 2019, lays out recent trends in pressures on children’s social care and the response of both national and local government to these pressures. Amongst its key findings are that *“Local authorities which have closed children’s centres have not had any consequential increases in child protection plans. We found that the closure of these centres has not resulted in increased statutory children’s social care activity. Indeed, for those local authorities which had closed centres there was a slight fall in the number of child protection plans in future years”*.

The public consultation exercise highlighted a negative impact on some families if the proposed immediate cessation of the level 2 getset service was implemented. The recommendations therefore look to mitigate against that impact and avoid any “cliff-edge” for families by putting in place a system wide 12 month programme of activity that if addressed simultaneously with the three Safeguarding Partners and other stakeholders across SCC, District Councils, NHS agencies in Somerset, schools and

early years settings, the police, housing providers, and the charitable, voluntary and community sectors will develop and improve the early help offer in Somerset.

## **4 Implications**

### **4.1 Finance**

The CAF-14b proposal to cabinet in September 2018 was to undertake a public consultation and did not include any savings projections. However, following the recent peer review and a review of children's services finances, the Local Government Association recommended a move to providing only the statutory minimum children's services to meet the council's financial imperative. There is no statutory requirement on the council to deliver a level 2 service, like getset level 2.

For 2019/20 the re-basing of Children's Services budgets includes all costs associated with running current level 2 services and the implementation of these proposals can mainly be managed within this budget allocation. It must be noted that as a result of CAF-14a savings proposals, some savings have been achieved earlier than anticipated and therefore underspends are forecast for 2018/19. A request will be made to Cabinet in their meeting in June 2019 to carry forward an element of the forecast underspend to fund £124K which will be used to fund implementation costs, associated with the development work of the electronic early help module to support partners to deliver effective early help.

The anticipated savings for 2020/21 will be £280K. These are as a result of staffing savings.

### **4.2 Legal**

The Children's Act 2004, Section 10 sets out that each local authority in England must make arrangements to promote co-operation between the authority; each of the authority's relevant partners; and such other persons or bodies as the authority consider appropriate, being persons or bodies of any nature who exercise functions or are engaged in activities in relation to children in the authority's area. The arrangements are to be made with a view to improving the well-being of children in the authority's area so far as relating to:

- (a) Physical and mental health and emotional well-being
- (b) Protection from harm and neglect
- (c) Education, training and recreation
- (d) The contribution made by them to society
- (e) Social and economic well-being

The Children's Act 2004, Section 11 requires us to "make arrangements for ensuring that their functions are discharged having regard to the need to safeguard and promote the welfare of children; and any services provided by another person pursuant to arrangements made by the person or body in the discharge of their functions are provided having regard to that need."

The Department for Education (DfE) has published statutory guidance setting out what organisations and agencies that have functions relating to children must and should do to safeguard and promote the welfare of all children and young people under the age of 18 in England. This guidance is called 'Working Together to Safeguard Children 2018'.

Section 27 of the Children and Families Act 2014 requires us to consult with children and young people with Special Educational Needs (SEN) in our area and their parents when keeping under review "educational provision, training provision and social care provision made in its area for children and young people who have special educational needs or a disability".

**Both the Children's Act 2004 and Working Together to Safeguard Children 2018 (statutory guidance) set out early help arrangements:**

Effective early help relies upon local organisations and agencies working together to:

- Identify children and families who would benefit from early help
- Undertake an assessment of the need for early help
- Provide targeted early help services to address the assessed needs of a child and their family which focuses on activity to improve the outcomes for the child

Local organisations and agencies should have in place effective ways to identify emerging problems and potential unmet needs of individual children and families. Local authorities should work with organisations and agencies to develop joined-up early help services based on a clear understanding of local needs. This requires all practitioners, including those in universal services and those providing services to adults with children, to understand their role in identifying emerging problems and to share information with other practitioners to support early identification and assessment.

Children and families may need support from a wide range of local organisations and agencies. Where a child and family would benefit from co-ordinated support from more than one organisation or agency (e.g. education, health, housing, police) there should be an inter-agency assessment.

A lead practitioner should undertake the assessment, provide help to the child and family, act as an advocate on their behalf and co-ordinate the delivery of support services. A GP, family support worker, school nurse, teacher, health visitor and/or special educational needs co-ordinator could undertake the lead practitioner role. Decisions about who should be the lead practitioner should be taken on a case-by-case basis and should be informed by the child and their family.

## The Public Sector Equality Duty

In carrying out a potential service redesign the council must discharge its Public Sector Equality Duty set out in section 149 of the Equality Act 2010 which requires the council, when exercising its functions to:

*“have due regard to the need to—*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under [the] 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.”*

In practice this has meant carrying out a comprehensive equality impact assessment, to understand the impact on children and families and partners. It should be noted that the equalities impact assessment is one of a number of factors that must be taken into account – each of them legitimate considerations which must be balanced in a way which is proportionate. Decision makers should ensure that they read and consider the equalities impact assessment and the other Appendices carefully before making the decision.

An initial impact assessment on the potential impact of removing the getset level 2 service was undertaken in September 2018 to support the decision to undertake a public consultation. The impact assessment has now been updated and expanded significantly during the course of developing the proposals, and is attached as Appendix 4 to this report.

### **4.3 HR**

Redundancies are likely to result from March 2020. We will seek to avoid any compulsory redundancies through an offer of voluntary redundancy and through re-deployment within the wider council where possible.

Any consideration around changes to staffing and impacts upon them will be dealt with separately through HR policy and practice and via a collective consultation with the unions.

### **4.4 Risk**

Agreeing and implementing the recommendations has the following risk implications. In line with the corporate risk management approach likelihood and impact is scored from 1-5; 1 being low and 5 being high.

Risk 1: (Recommendations 3 and 4). That partners including the voluntary and community sector are unable or unwilling to support Somerset’s early help approach

<b>Likelihood</b>	2	<b>Impact</b>	4	<b>Risk Score</b>	8
-------------------	---	---------------	---	-------------------	---

At this point the prospects of successfully strengthening community capacity and capability are uncertain. However, we have had productive and encouraging discussions

with some communities and organisations to date, some of which are referred to in this paper and attached appendices.

Mitigation: Health and Police are statutory safeguarding partners and have indicated their support via the Health and Wellbeing Board to accelerate the pace of activity around early help.

Somerset already has examples where volunteers provide exceptional care and support to children and families with additional and very complex needs and discussions will continue with these existing providers. SCC and the district councils are planning to hold district events in the spring/summer of 2019 inviting parish and town councils, local stakeholders and partners including charitable, voluntary and community groups with the aim to explore local early help opportunities and actions to take forward.

Learning will also be taken from the adults model of working more effectively with communities.

#### **4.5 Other Implications (including due regard)**

##### Equalities Implications

The law on the Public Sector Equality Duty is discussed in the 'Legal Implications' section above and decision makers must ensure that they read and consider the equalities impact assessment and the other Appendices carefully before making the decision.

For equality and diversity we have followed a process of evaluation and re-evaluation. The process included the following elements:

- An Equalities Impact Assessment was completed for the proposals at consultation phase. These looked at initial impacts of the proposals.
- During the consultation process we promoted the consultation to specific equality groups to ensure their views were heard. We asked specific questions to identify the impacts of the proposals on individuals, organisations/services and communities.
- Once the consultation was completed the Equality Impact Assessment was updated with the outcomes from the consultation. They were also updated to reflect the proposals put forward for decision. Finally, we refreshed the potential impacts and mitigations.

Human rights implications have been considered; we have not identified any Human rights implications arising from the recommendations set out in this report.

##### Community Safety Implications

There are not considered to be any direct potential impacts on local crime rates. However, the proposals to improve Somerset's early help approach is a key aspect in the development of stronger communities, reducing social isolation and exclusion, and the overall quality of life.

The proposed changes to strengthen community capacity and capability will mitigate this potential impact as far as possible.

Raising awareness of and supporting the parenting support groups that are led by community groups will also help promote safety and healthy life choices for children and young people.

### Sustainability Implications

Some respondents to the public consultation felt that with the removal of the getset parenting groups this would have an impact on their ability to reach alternative groups using the currently available public transport. 48.6% of respondents who use getset services do not have access to a car.

Analysis was carried out of the 39 groups offered by getset and looking at the most comparable alternative provision. In analysis of the parenting supporting groups that are available in the community a significant proportion would be difficult to reach using public transport due to routes not being available at the right time. The additional distances range from 1 to 21 miles. Of the alternative provision 59% would require use of public transport with 41% being able to travel the distance by foot. Appendix 5 shows analysis on the closest alternative provision and the travel impacts.

The proposals outline our intention to deliver a train the trainer model to provide evidence based parenting programmes open to any early years and community group to enable them to identify and support more vulnerable families.

### Health and Safety Implications

None identified.

### Privacy Implications

Personal data about all getset users would remain within the control of the County Council as data controller. As such, the County Council will maintain robust controls over the protection and use of personal data held within the Early Help case management system. Although volunteers/community groups would be trained to ensure they understand privacy issues and data protection policies and procedures no personal data will be shared with volunteers/community groups.

Families have to consent to an Early Help Assessment being undertaken and sharing of any information with appropriate support agencies.

### Health and Wellbeing Implications

The recommendations set out in this report could have an implication for health and wellbeing:

- An increased difficulty, for some people, in accessing information which can help to manage health and wellbeing issues. Our proposals outline how we intend to improve the early help “front door” and first contact with families by promoting information, advice and guidance through the Somerset Choices website in line with SCC’s digital strategy. The re-design of Somerset Direct, the council’s contact centre and the early help advice hub will also mitigate this impact to some extent. We will also work closely with our partners to assess where we hold information relating to advice and guidance and seek to bring this together and offer consistent advice.

- An increase in social isolation for some people. For many getset users, the act of attending a parenting support group and spending time in the company of others can be a rare opportunity for social interaction. These groups play a key role in bringing people together and reducing social isolation, particularly for new parents. The mitigation for this is to retain getset level 2 team in its current form for a further 12 months with the intention of working alongside other key agencies that support 0-4 year olds to continue to offer key parenting support groups that addresses the gap.

The proposals for improving early help has mitigated the potential for a Health & Wellbeing impact as far as possible.

## 5 Links to Priorities and Impact on Service Plans

These recommendations support the following plans:

Health and Wellbeing (HWB) Strategy; the service will contribute to the shared vision that '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'.

Somerset's County Plan – part of the vision being to reduce inequalities wherever we can and empower people to take responsibility for their own health and well-being.

The proposals link to the multi-agency Children and Young People's Plan 2016-2019, particularly improvement programmes:

- Programme 1 "Supporting children, families and communities to become more resilient" and programme "providing help early and effectively". This is also laid out in the multi-agency Early Help Strategy 2016-2019 which outlines the vision that *"Early Help is everyone's responsibility; we want children, families, communities and agencies to work together so that families are assisted to help themselves and are supported as soon as a need arises, thereby improving the overall wellbeing and quality of life of all Somerset's children, young people and their families."*

*Effective early help will strengthen resilience in children and young people themselves, in their families and build capacity in communities that keep children, young people and their families healthy and safe.*

- Programme 2 "Promoting healthy outcomes in families and giving children and best start in life"
- Programme 3 "Improving emotional health and wellbeing"
- Programme 5 "Providing help early and effectively"

The principles from Somerset's Early Help Strategy are:

- Sorting out problems early means that children and families do better and the costs to society are less.
- Providing help early is an important part of protecting children from serious harm or neglect ('safeguarding') and improving health.
- When individuals and communities are able to help themselves, everyone benefits.



- We want to recognise the strong contribution of volunteers, communities, local charities and support groups and businesses in Somerset.
- When we provide services, we want to make sure this is based on evidence of what works.
- We want to spend more of our budgets tackling problems before they get worse, but at the moment the demand for services to tackle serious problems is growing. We need to find the right balance”

## **6 Consultations undertaken**

A public consultation exercise was carried out, the purpose of which was to understand the impact of the Council no longer providing getset level 2 services for children with additional needs (as detailed in the Effective Support for Children and Families in Somerset guidance) and how best the Council, as the lead agency, ensures effective early help across the partnership in the future. The consultation was aimed at service users, partners and staff who work with children and their families across Somerset

The public consultation was launched on Monday 5 November 2018 and ran for 8 weeks, closing on the 31 December 2018.

The public consultation reflects the views of over seven hundred people through a questionnaire.

In addition, over 110 people attended public drop in sessions or were engaged via parenting support groups across the County.

A wide range of partners and professionals who work with children and families were also engaged through existing forums and meetings.

The full consultation report can be found at Appendix 2. SCC’s response to the consultation can be found at Appendix 3.

## **7 Scrutiny comments**

The Summary of Outcomes from the Scrutiny for Policies, Children and Families Committee held on 25 January 2019 states:

The Committee considered this report on Friday 25 January 2019 that provided details of the public consultation and emerging proposals.

It was acknowledged that following the consultation process a number of new opportunities have been followed up, most notably with the district councils to explore greater joint working across community development roles and resources.

Many respondents outlined concerns that the proposals appeared to be around a major assumption that other groups and partner agencies would have the capacity to take on the getset workload and this was against a backdrop uncertainty about the impact of universal credit and less than a year before the changes would come in to effect.

It was also noted that there was not an endless supply of competent volunteers and there was insufficient data to evidence there was capacity for a smooth transition.

Concerns were raised about how elected members could ensure accountability and oversight if the proposals for getset services to be delivered in a fragmented way were implemented.

Members heard that the Council was pleased to be working more closely with District Councils to explore greater opportunities to collaborate on community development and the multi-agency Early Help Commissioning Board had an increasingly strong membership which was actively engaging the need for effective early help across Somerset. It was reported that the Council and partners had agreed that providing early help for families was everyone's business and it is clear that getset had gone above and beyond for families sometimes in the absence of other partners meeting their early help responsibilities.

It was also explained that following the staff reductions already undertaken in getset the level 2 service currently consisted of just 11 FTE family support workers and apprentices covering the whole of Somerset, and this reportedly costs £450k. The Council's view that investing an annual £200k in community based local support had the potential to create a larger, more effective and sustainable resource with the ability to attract further funding from other sources.

It was agreed that there would be further work carried out to explore and mitigate gaps identified by the cessation of getset level 2 with community connect and community catalysts models already in place in adults' services.

It was also agreed that responses from other partner organisations which raised concerns would also be added into the report on the consultation and that this would be added onto the forward work programme for a future update.

## 8 Report Background

- 8.1 On the 12 September 2018, Cabinet approved two proposals relating to changes within the getset service:
- CAF-14a relating to reductions in staffing levels across the service as a response to current demand levels and increasing caseload targets
  - CAF-14b relating to the launch of a public consultation exercise to review the provision of Somerset County Council early help services, to include the proposal that SCC no longer provide level 2 services.

CAF-14a was subject to a call-in by the Chair of Scrutiny for Policies, Children and Families resulting in a recommendation to Cabinet to defer implementation of CAF-14a pending the completion of the public consultation agreed via CAF-14b. Cabinet at its meeting in October 2018, approved to continue with the immediate implementation of CAF-14a.

- 8.2 **Somerset County Council's (SCC) getset services** were established in 2014 encompassing children's centre services at level 2 (universal and targeted support for 0-4 year olds) and level 3 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.

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

- 8.3 **The Ofsted inspection**, published in January 2018 identified that partners still had to do more to meet their responsibilities.

*Early help, although improved, requires further integration with partners to increase its capacity.*

*Early help services in Somerset have improved, yet are not fully established across the partnership. However, the majority of families benefit from responsive early help services that are effective in reducing risk. Practitioners successfully support families who are living with domestic abuse, poor parental mental health and substance misuse, through the provision of targeted and universal interventions.*

*Early help assessments and plans are improving in quality. However, they are still too variable and not all are sufficiently focused on actions for improving children's outcomes. Assessments do not always analyse children's experiences sufficiently and not all risks are clearly articulated. Plans do not consistently address the needs identified in assessments, or what families need to achieve within specific timescales*

- 8.4 In September 2018 Cabinet agreed to launch a public consultation exercise in relation to the council's provision of level 2 services, namely getset level 2, with the proposal to make significant changes to this service (CAF-14b). Details of the consultation are outlined in Appendix 2. Through this consultation process a number of new opportunities have been followed up, most notably with the district councils to explore greater joint working across community development roles and resources

- 8.5 Following the consultation exercise and considering the feedback and likely impacts, a set of proposals have been developed, detailed at Appendix 1.

These proposals outline 5 key areas of activity that if addressed simultaneously with the three Safeguarding Partners (Local Authority, police and the Clinical Commissioning Group) and other stakeholders across SCC, District Councils, NHS agencies in Somerset, schools and early years settings, the police, housing providers, and the charitable, voluntary and community sectors will develop and improve the early help offer in Somerset and will avoid any cliff-edge for families in the year-long implementation phase:

1. Improve the support and interventions for children with some additional needs – level 2
2. Strengthening early help infrastructure with partners and redesigning SCC "Front Door" to be a single multi-agency support and triage point
3. Strengthening community capacity and capability
4. Improve the support and interventions for children with complex needs – level 3
5. Strengthen the multi-agency strategic approach to early help in Somerset

## 9 Options considered and reasons for rejecting them

The immediate cessation of getset level 2 has been rejected following the outcome of the public consultation. There are 5 key areas of activity that if addressed simultaneously with the three Safeguarding Partners and other stakeholders in Somerset (including District Councils, NHS agencies, schools and early years settings, the police, housing providers, and the charitable, voluntary and community sectors) will develop and improve the early help offer in Somerset and will prevent any loss of support for families with level 2 additional needs in the year-long implementation phase

## 10 Background Papers

### 10.1 Children and Young People's Plan 2016-2019

<http://www.somerset.gov.uk/EasySiteWeb/GatewayLink.aspx?alld=42521>

### 10.2 Somerset Early Help Strategy

<http://www.somerset.gov.uk/EasySiteWeb/GatewayLink.aspx?alld=117929>

### 10.3 CAF-14a papers considered at Cabinet on 12 September 2018

<http://democracy.somerset.gov.uk/documents/g663/Public%20reports%20pack%2012th-Sep-2018%2010.00%20Cabinet.pdf?T=10>

Pages 130-134

### 10.4 CAF-14b papers considered at Cabinet on 12 September 2018

<http://democracy.somerset.gov.uk/documents/g663/Public%20reports%20pack%2012th-Sep-2018%2010.00%20Cabinet.pdf?T=10>

Pages 533-537

### 10.5 "Call in" of CAF-14a – Scrutiny for Policies, Children and Families Committee – 8 October 2019.

<http://democracy.somerset.gov.uk/documents/g765/Public%20reports%20pack%2008th-Oct-2018%2010.00%20Scrutiny%20for%20Policies%20Children%20and%20Families%20Committee.pdf?T=10>

### 10.6 "Call in" of CAF-14a – Cabinet – 19 October 2018

<http://democracy.somerset.gov.uk/documents/b2309/Consultation%20on%20Early%20Help-CAF-14-b%20Proposals%20for%20the%20alteration%20and%20reduction%20of%20early%20help%20ser.pdf?T=9>

## **11 Appendices**

- 11.1 Appendix 1 - Proposals to improve Somerset's early help approach
- 11.2 Appendix 2 – Consultation report - Proposed changes to the County Council's support and services for children and their families
- 11.3 Appendix 3 – SCC response to the consultation report
- 11.4 Appendix 4 – Equalities Impact Assessment (EIA)
- 11.5 Appendix 5 – Table to support the EIA to show travel impacts for the getset parenting support groups stopping

This page is intentionally left blank

## Proposals to improve Somerset's early help approach

January 2019

Following the public consultation on proposed changes to Somerset County Council's (SCC) support and services for children and families and having due regard to the updated Equalities Impact Assessment, the following proposals have been drawn up for consideration by key partners on the Early Help Strategic Commissioning Board and Children's Trust Board. The Scrutiny for Policies, Children and Families Committee provided their comments to help inform these final proposals for Cabinet consideration on the 11 February 2019.

There are 5 key areas of activity that if addressed simultaneously with the three Safeguarding Partners and other stakeholders in Somerset (including District Councils, NHS agencies, schools and early years settings, the police, housing providers, and the charitable, voluntary and community sectors) will develop and improve the early help offer in Somerset and will prevent any loss of support for families with level 2 additional needs in the year-long implementation phase:

1. Improve the support and interventions for children with some additional needs – level 2.
2. Strengthening Early Help infrastructure with partners and redesigning the early help "Front Door" to be a multi-agency support and triage point.
3. Strengthening community capacity and capability.
4. Improve the support and interventions for children with complex needs – level 3
5. Strengthen the multi-agency strategic approach to early help in Somerset

In detail the 5 programmes cover:

### **1. Support / intervention for children with some additional needs – level 2**

- Retain getset level 2 team in its current form, for the implementation period until March 2020 providing support to children with some additional needs at level 2 and their families by delivering group work and some key parenting programmes in areas identified as greatest need.
  - The team will move to providing family group work rather than case work and working alongside other key agencies that support 0-4 year olds; for example health visitors and Early Years settings enabling more families to be supported. This group work could include nurture groups run on particular themes eg school readiness, and drop in sessions in local community venues.
  - The team will deliver some key parenting programmes and groups
  - The council will develop a "train the trainer" model to provide training for evidence-based parenting programmes open to any early years or

community group to enable them to identify and support more vulnerable families.

- The team will continue to work with partners and be based within the 8 family hubs; they will act as community agents and help partners through training to identify and provide support for families so that partners can continue this once the getset level 2 service ends in March 2020.
- Continue to work with schools through Team Around the School (TAS) Co-ordinators to develop the TAS model, ensuring it is fully embedded and continues to develop, plus strengthen performance monitoring process to assess impact. There is the potential to extend the model to cover ages 0-4 and 16+ and widen the current school age remit.

## **2. Strengthening Early Help Infrastructure with partners and redesigning the early help “Front Door”**

- In line with Children’s Services ambition to support families to be independent and resilient and in line with the SCC digital strategy, a greater emphasis and attention will be placed on self-help and self-reliance for parent/carers by:
  - Work with partners to assess where we hold information relating to advice and guidance and seek to bring this together into a single access point for our families. For example signposting families via Somerset Choices and the local offer (see below).
  - Re-design and resourcing of Somerset Direct (SD), the council’s contact centre, to be first point of contact for young people and families (based on adults’ model) providing advice and guidance in a more comprehensive way, only referring onto the Early Help (EH) Advice Hub if appropriate.
- Re-model EH Advice Hub as a multi-agency support and triage point providing support and training for professionals and for families requiring more intensive telephone advice.
- Assess requirements for implementing the Early Help Portal and / or roll out of the Early Help Module (EHM) to a wider group of professionals across partners to support them in early help work with families. (The cost of portal implementation is approx. £124k one-off with £50k annual recurring costs)
- Undertake further development of the current Early Help Assessment (EHA) into a digital form enabling quicker and simplified process for all practitioners and assessments that make sense to families.

## **3. Strengthening community capacity and capability / market development**

- Establish an annual £200k commissioning / grant fund (which could be increased with other partners’ financial contributions eg Clinical Commissioning Group, district councils):
  - Initially focused on providing alternative help for families at level 2, for example investing in parenting programmes, and consideration to establish a children’s offer within community connect and community catalysts, developing and enhancing the current Adult’s model into a holistic family model that can better support children and families within their localities (based on successful implementation and learning from Adults commissioners).



- This fund will be facilitated by SCC with application/tender panels drawn from the multi-agency Early Help Commissioning and Area Advisory Boards to seed fund support at level 2 and 3 of need. Learning from other grant schemes will be used to develop this grant scheme eg short breaks with the aim to have this in place for April 2019.
- Develop stronger, collaborative relationships with district councils working in partnership to develop and deliver a community development offer.
- Collaborate with partners and larger voluntary and community sector provision eg Home-start West Somerset, Safe Families for Children, Yeovil4Families, YMCA etc to identify further opportunities and join up participation activities to ensure the voice of the child is heard.
- Strengthen the multi-agency Early Help Area Advisory Boards in each district council area to understand local needs, to hear the voices of young people, undertake local audit of provision and identifying gaps and prioritising early help action in their areas. This will allow integration with the emerging neighbourhood model.
- Utilise Somerset Choices and the SEND Local Offer as a key resource of information, advice and guidance to families by ensuring community groups, support and activities are widely publicised, thereby supporting individuals to help themselves and promote independence.

#### **4. Support / intervention with children with complex needs – level 3**

- Remodel and integrate SCC Children's Services level 3 services in line with PeopleToo recommendations.
- Retain a separate Children with Disabilities level 2 and 3 team and explore integration arrangements with SEND and the NHS to provide a coherent neighbourhood offer.
- Remodel the Education Welfare Service to support the schools-funded Level 2 service
- Through the Reducing Parental Conflict Programme, funded by Department for Work and Pensions, Somerset will be testing models of face to face support to families starting in April 2019 at no cost; £38k additional grant has been secured to provide additional support
- Provide parenting work with families of young offenders utilising a £70k Youth Justice Board (YJB) grant in 2019/20 (following £40k 2018/19)
- Test a business case to implement the national model of Pause in Somerset - a programme of support to vulnerable mothers who have, or are at risk of, repeat removals of children being taken into care.

## **5. Improve multi-agency strategic approach to early help**

- Strengthen the multi-agency EH Strategic Commissioning Board including revised membership to focus on:
  - Providing clear messaging and communications to promote and engender support for early help in Somerset
  - Measuring impact and effectiveness of early help activity across the “system”
  - Holding all partners to account in delivering their responsibilities for early help
  - Strengthening the link with the 4 Early Help Area Advisory Boards
  - Ensuring the voice of families and young people is heard in developing and assessing the early help support offer in Somerset.
  - Greater presence from the community and voluntary sector
  
- Continue to embed the Troubled Families (TF) approach and strategic outcomes across partners
- Improve information sharing and continued development and use of the TF data warehouse to provide intelligence on need and allow targeting of resources
- Continue development and awareness raising of early help “tools” ie Early Help Assessment, portal/access to EH systems, professional choices and effective support (thresholds) guidance
- Continue to train and develop the early help workforce

# **Proposed changes to the County Council's support and services for children and their families**



## **Public Consultation Report January 2019 – Version 2**

Somerset County Council (SCC) are proposing changes to the way that children and their families get support and services. This is due to the need for the Council to make significant savings whilst ensuring children's services deliver the minimum statutory requirement to protect and safeguard children.

A public consultation exercise was carried out over November and December 2018, with a series of drop in sessions, discussion groups and a questionnaire was used to ensure the public, staff and partners across the children's workforce had the opportunity to comment and influence the development and delivery of the services that affect them.

## 1.0 Executive Summary

The consultation exercise was to seek people's views on proposals that would see a reduction in some of the support currently provided for children and their families by the Council's getset service. The support that would be reduced is mostly for families with children aged 0 to 4 who have some additional needs (as defined in the Somerset Effective Support for Children and Families guidance).

The Council's getset services are part of its early help offer. Early help is what we call the services for children, young people and their families who are having difficulties that they can usually overcome or manage with a little bit of support from different organisations working together with them.

getset services are delivered in 2 parts:

- Work with children and families with 'additional' needs aged 0-4 (Level 2).
- Work with children and families who have 'complex' needs aged 0-19 and this work requires support from different organisations working together. (Level 3).

The public consultation reflects the views of over seven hundred people through a questionnaire.

In addition, over 110 people attended public drop in sessions or were engaged via parenting support groups across the County.

A wide range of partners and professionals who work with children and families were also engaged through existing forums and meetings.

We would like to thank people who contributed their views and provided feedback; clearly many respondents felt strongly about an issue that is of great importance to the people of Somerset. People we spoke to acknowledge the funding challenges but there was little feedback on further options other than not making any cuts. Some respondents highlighted the need to work differently and more collaboratively across the whole system including statutory, voluntary and community sector support.

Many people value the services they have received from getset, providing examples of positive changes within their families and also advice and guidance across a complex

system that has been welcomed. Getset have been referred to as ‘the glue in the system’

There was a significant response received from the Frome area of the County and a petition with over 500 signatories was received regarding the Key Centre in Frome.

The most powerful outcome of this public consultation has been the opportunity to speak to communities and the children’s workforce and has opened up dialogue about how we can do things differently in the future. This has been useful at both operational and strategic levels.

There was a solidly consistent view that early help and prevention is key to promoting the welfare of children, young people and their families rather than reacting later and then potentially requiring more specialist or statutory levels of support.

Please note this document should be read alongside ‘The Council’s response to the consultation’.

## 2.0 Approach and Methodology

### 2.1 Introduction and background to the consultation

The purpose of the consultation was to understand the impact of the Council no longer providing getset level 2 services for children with additional needs (at [level 2 of the Effective Support for Children and Families in Somerset guidance](#)), and how best the Council, as the lead agency, ensures effective early help across the partnership in the future. The consultation was aimed at service users, partners and staff who work with children and their families across Somerset.

### 2.2 Development of proposals for consultation

The consultation consisted of the following documents:

- Consultation paper
- Consultation questionnaire
- List of parenting support groups split by district (list contains getset and non-getset groups)
- Supporting data pack

The consultation paper introduces the proposals and explains what getset's role is, as well as the wider Somerset early help offer. The 4 levels of need are explained, and it is made clear which aspects are both affected and not affected by the proposals. It describes what support is on offer in each of the 5 districts and what support would be offered following the proposals.

The consultation questionnaire asked a total of 18 questions which included a section 'about you'. There were 7 questions relating to the actual proposals.

Appendix 1 lists parenting support groups run by both getset and non getset organisations and makes it clear what would stop. The information for this was provided by staff within the getset service.

Appendix 2 contains demographic and contextual data.

- Population data
- Number of 4 year olds in Somerset
- Forecast changes in population of 0-4 year olds
- Deprivation data
- % of children reaching good levels of development at early years foundation stage
- Map to show location of the 8 family centres

### 2.3 Consultation sign off process

SCC officers, including expertise from the consultation, equalities, communications and legal teams, devised the questionnaire and supporting documents as listed above.

To make sure the consultation documents were as clear and concise as possible, we engaged the Somerset Parent Carer Forum to help finalise the papers before they were published.

The draft consultation papers were shared with the following groups on the 31st October 2018 before its launch on the 5 November 2018:

- SCC Strategic Commissioning Group
- SCC Senior Leadership Team
- SCC Children's Services Senior Management Team
- SCC Scrutiny for Children and Families Committee Chairman
- Somerset Children's Trust Executive
- Family Support Services Project Board
- Senior members of staff from Somerset Partnership NHS Foundation Trust
- All staff members of the getset service
- Union members

The public consultation was launched on Monday 5 November 2018 and ran for 8 weeks, closing on the 31 December 2018.

On the launch of the consultation the proposals and background information were made available publicly online on SCC website; in paper form at each of the 8 main family centres and in each of Somerset's libraries. Details of the consultation, the dates of the information drop in sessions and contact details were sent to a wide range of individuals and groups, including local press. The events were promoted extensively on social media, to key stakeholders (see 2.5.1 for full list) and through members of the consultation team attending the 10 parenting support groups which are led either by the getset service and/or the Public Health Nursing service.

A consultation email address and telephone number was set up and referenced on all consultation documentation and communications, to enable people to give more detailed or specific responses, request hard copies of the information or request them in other formats e.g. braille and different languages. Somerset Direct and County Hall reception staff were made aware of the consultation in case there were any enquiries from the public.

We received:

- No requests for consultation documentation in a different format or language.
- 16 requests (mainly from Parish Council's) for hard copies of the consultation documentation, mainly posters and questionnaires

## **2.4 Participation**

We arranged seven information drop-in sessions, across the county which were manned from 10.00am to 6.00pm by SCC officers and were held in community locations as shown in the table below. These sessions provided an opportunity for interested parties to, collect hard copies of the consultation documents, ask questions about the consultation or hold discussions with a member of staff, prior to giving their

views through the questionnaire or email address provided. We spoke to 117 people at these sessions.

Date	Venue
13/11/2018	Glastonbury Library
14/11/2018	The Key Centre, Frome
14/11/2018	Frome Library
19/11/2018	The Hub, Minehead
22/11/2018	Taunton Library
28/11/2018	Victoria Park Community Centre, Bridgwater
04/12/2018	Yeovil Methodist Church

Feedback from getset service staff was also sought; staff were able to complete the consultation questionnaire (20 responses were received), and we ran a getset staff focus group, where staff were asked to give their views on the impacts of the proposed changes to the service, including their views on the impact on other professionals.

We arranged for members of the consultation team to attend 10 different parenting support groups across the county, either run by getset or with their involvement; this included Stay, Play and Learn, Healthy Child Clinics and Young Parents Group. This enabled us to speak to families using the services and make sure their views were being captured. We spoke to 83 people at these sessions.

Date	Venue	Type of group
07/11/2018	Chard Baptist Church	Healthy Child Clinic
08/11/2018	St Peter's Hall, Yeovil	Stay, Play and Learn
15/11/2018	Williton Children's Centre	Breastfeeding support
16/11/2018	Sydenham Children's Centre, Bridgwater	Stay, Play and Learn
20/11/2018	Wellington Methodist Church	Stay, Play and Learn
21/11/2018	Minehead Old Hospital	Healthy Child Clinic
27/11/2018	Acorns Children's Centre, Taunton	Young Parents group
29/11/2018	Glastonbury Children's Centre	Stay, Play and Learn
03/12/2018	Acorns Children's Centre, Taunton	Healthy Child Clinic
04/12/2018	Watchet Community Hall	Healthy Child Clinic

Letters were also sent to 227 families who had received support from getset level 2 service over the past year to raise awareness of the consultation and encourage them to take part.



We advertised a Freepost address for any completed hard copies of the consultation questionnaire to be sent to, or they could be handed into any of the Children's Centres or libraries. All completed hard copies of the questionnaire were input to the Council's online consultation software, to enable all analysis and reporting.

## **2.5 Promoting the consultation**

To ensure the maximum possible exposure of the consultation and to encourage the largest possible response, a proactive multi-faceted approach was taken to the promotion of the exercise across a number of different channels and media.

Promotional posters, the proposals, consultation background material and questionnaires were made available in all the main children's centres, libraries and where requested hard copies were sent to parish and town councils.

To raise awareness of the consultation, prior to its launch, SCC officers attended the following meetings/boards:

- Voluntary and Community Sector Strategic Forum
- Somerset Children's Trust Executive Group to raise awareness with strategic leads from across the partnership including health, police and education
- Early Years Partnership Meeting to raise awareness with nurseries.
- Scrutiny for Policies, Children's and Families Committee
- Family Support Service Project Board to raise awareness within Public Health Nursing.
- Primary Headteacher Conferences to raise awareness with Primary/Pre-Schools.

There were a total of 3 press releases issued throughout the duration of the public consultation:

- A press release was distributed to all Somerset media – print, broadcast and online – on 5 November 2018. This included a summary of the proposals and details of the information drop-in sessions, sign-posting residents to the online consultation. This produced coverage in the majority of the county's print, broadcast and online media outlets.
- A second press release was issued on 14 November, highlighting the remaining drop-in events still to take place.
- On 3 December a third press release highlighted the half way point in the consultation and the consultation deadline of 31 December.

getset and Public Health Nursing staff were asked to have their say and also to promote the consultation with service users they came into contact with, either at group sessions or one to one engagement.

We wrote to all getset volunteers (5) to make them aware of the consultation and ask them to have their say.

A Members Information sheet was issued at the launch of the public consultation to make all Councillors aware of the relevant details, should they be contacted by any of their constituents during the consultation period.

2.5.1 A briefing note was circulated to key groups and stakeholders, asking for the recipient to promote the consultation, providing a summary of the consultation details, the schedule of information drop-in sessions and how to contact us with any questions or requests for further information. The groups included:

Key partners across the children's workforce:

- All nurseries and childminders through email and facebook groups
- Executive Officers who represent Primary, Secondary and Special schools
- Special Educational Needs and Disability Information, Advice and Support (SENDIAS)
- 1610 Leisure Centres
- Somerset and Avon Rape and Sexual Abuse Support (SARSAS)
- The Phoenix Project
- Somerset Partnership NHS Foundation Trust - SHARE (Schools Health and Resilience Education Project) and Children and Adolescent Mental Health Service (CAMHS)
- MIND
- Family Counselling Trust
- Special Educational Need Co-ordinators (SENCO's)
- Somerset Parent Carer Forum (SPCF)
- SCC Short Breaks team who circulated details to all families who are signed up to their regular newsletter
- Avon and Somerset Police
- Housing Providers
- Voluntary Sector Organisations listed on Voluntary Sector Forum representative lists
- Somerset NHS Clinical Commissioning Group
- GPs via GP Bulletin
- Frome Autism Support Team (FAST) Parent support group
- Parish and Town councils
- Escape support group
- Somerset Autism
- Ups and Downs South West

Partnership groups / boards

- Corporate Parenting Board (consisting of councillors and partner staff)
- Somerset Children's Trust (consisting of staff representatives across a wide range of agencies who support children and families)
- SCC Strategic Commissioning Board
- Early Years Sub Group
- Early Help Strategic Commissioning Board
- Somerset Partnership NHS Foundation Trust (Musgrove Park Hospital – Maternity, Midwifery and Children's Departments (including Public Health Nursing))
- Yeovil District Hospital NHS Foundation Trust (Maternity, Midwifery and Children's Departments)

- One Team/Together Team Leads
- Community Learning Partnerships (school clusters)
- Somerset Safeguarding Children Board (SSCB)
- Local Medical Committee

#### Groups for young people

- Somerset In Care Council (SICC) – for children in care
- Somerset Leaving Care Council (SLCC) – for children who have left/are leaving care
- The Unstoppables – for children with special educational needs and disabilities
- The Youth Service/Youth Parliament
- Sparks – Young people forums

In an attempt to ensure that the views of traditionally under-represented areas of the community were captured and considered, specific programmes of activity were developed as part of the consultation process. We commissioned Diversity Voice to translate the consultation paperwork into Portuguese, Polish and Romanian and then engage with relevant families in these communities. This resulted in at least 56 consultation questionnaires being completed by nationalities other than English (including Bulgarian, Lithuanian, Danish and French).

The consultation was promoted via the Children with Disabilities website. Details were also sent to professionals working in schools, with disabled young people, and included the main parent support groups in the county.

In order to engage with people of different races and from different ethnic groups, the consultation was promoted through a variety of black, Asian and minority ethnic (BAME) groups, including:

- A Ray of Sunshine for the Child - Helps integrate Slovak and Czech families. Also provides advice about domestic violence.
- Bridgwater Islamic and Cultural Centre
- Bridgwater Syrian Refugee Resettlement Volunteer Group
- British Bangladeshi Association Somerset
- CHARIS - Christian refugee support charity resettling refugees one family at a time
- Diversity Group (supported by Halcon One Police team) - Support group for BAME communities in and around Halcon/Taunton providing advice and social activities based at Moorlands Community Centre in Halcon, Taunton.
- Equality and Inclusion Team (Yeovil District Hospital)
- Holy Ghost Church Yeovil - Church supporting Polish, Indian/Keralan and Filipino congregations
- Johnny Mars Foundations - Bringing people together through music, conquering barriers such as racism and cultural education
- Martock Christian Fellowship - Christian group (non-denominational) with BAME congregation members
- Minehead and District Refugee Support Group
- Minehead Methodist Church - Little Fishes Toddler Group

- Oakwood Church - Christian (Pentecostal) Church with BAME congregation/members
- Polish Association Taunton - Support and social group for Polish people living in and around Taunton.
- Polish Christians in Somerset - Community faith group for the protestant Polish community in Somerset. Predominantly social and religious meet-ups with some support and community work
- Polish Voice TV - Support organisation for BAME children and young people providing casework for schools and running youth groups.
- RAISE (Racial Awareness, Inclusion, Support and Education CIC)
- Somerset Engagement Advisory Group - Community stakeholders, voluntary sector, patient and carer representatives, lay users, volunteers. Strategic overview and challenge of health care services
- Somerset Gypsy and Traveller Forum
- South Somerset Filipinos and Friends Association (SSFFA)
- South Somerset Muslim Cultural Association
- Stand Against Racism and Inequality (SARI)
- Street and Glastonbury Muslim Association
- Syrian Community in the South West
- Syrian Refugee Support Group
- Supporting Syrian refugees in Frome
- Taunton Welcomes Refugees
- Tuga Productions - Portuguese social activities and support. Organises Portuguese and multicultural events.
- Turkish Community Bristol and South West
- Young People Frome - Multicultural Frome - Represent the needs of young people in Frome (Young People Frome). Celebrate the diversity in Frome (Multicultural Frome)

The consultation was also promoted to a range of other groups through direct contacts in these groups.

The consultation was promoted through the Compass Disability Services.

During the consultation period, we attended and presented to the following groups to both raise awareness of the consultation and to talk to staff groups to capture impacts and concerns.

- Early Years Communities launch event
- Parent and Family Support Advisor (PFSA) Conferences
- Early Years SENCO Conference
- Team Around the School Steering Group
- Yeovil Hospital – Acorn Team (Vulnerable women)
- Early Help Strategic Commissioning Board
- Clinical Executive Committee, Somerset NHS Clinical Commissioning Group
- Musgrove Hospital – Children’s Community Nursing Team, Midwifery Team, Paediatrics Team
- SCC – Children’s Social Care team – Taunton
- Children’s Trust Board – Extraordinary Meeting to discuss getset proposals

- Somerset Partnership NHS Foundation Trust Public Health Nursing Managers Meeting
- SCC Team 8 (Community Adolescent Team)
- SCC Early Years SENCO Team
- Strategic Community Development leads from all 4 District Councils

Articles were included in SCC Staff newsletters (Our Somerset and Core Brief), throughout the consultation period.

## 2.6 Social media

The consultation was promoted heavily through the authority's two most established social media platforms – Twitter (which has more than 10,000 followers) and Facebook (which has more than 5,000 Facebook 'friends')

*Sample Meme used in both Twitter and Facebook:*



In total, over that period the level of engagement was as follows:

- Impressions 29,850
- Engagements 230
- Likes 26
- Retweets 53
- Link clicks 28

Please note definitions:

- Impression – number of times a tweet has been delivered to a Twitter account's timeline.
- Engagements – (number of times a user interacted with a Tweet. i.e. Clicks anywhere on the tweet, including Retweets, replies, follows, likes, links, cards, hashtags, embedded media, username, profile photo, or expansion)
- Likes – number of time a user liked a tweet

- Retweets – number of times a user re-posted a tweet on their own account
- Link click – number of times that the link to the online consultation was followed.

## **Facebook**

### *Sample Facebook posts*

*The first consultation drop-in sessions to discuss proposed changes to our getset Service take place in Glastonbury & Frome next week. If you have an interest, please come along & share your views.*

*You can find more info and complete an online questionnaire on our website [www.somerset.gov.uk/getsetconsultation](http://www.somerset.gov.uk/getsetconsultation)*

*Questionnaires also in our libraries and Family Centres and hard copies can be requested by emailing [getsetconsultation@somerset.gov.uk](mailto:getsetconsultation@somerset.gov.uk)*

- Reach: 47,012
- Engagements 3,110
- Including (reaction/comment/shares) 516

Please note definitions:

- Reach - Number of unique people who saw your content.
- Engagement – Number of times people interacted with post
- Reaction/comment/shares – Number of times users posted a reaction, commented on or shared a post.

## 3.0 Analysis of Results

### 3.1 Approach and methodology

#### Quantitative Analysis

The responses to the consultation were analysed to quantify the number and type of responses and the expressed level of agreement, awareness and impact on individual respondents, services / organisations, and their communities.

Equalities Duty - As part of the consultation questionnaire, respondents were requested to provide some information about themselves. These were grouped into the following groups:

- Someone who uses getset services
- Member of the public (who doesn't use getset services)
- Member of staff (from SCC and the wider children's workforce)
- Responding on behalf of an organisation or group
- Blank

Further information regarding the views expressed concerning the potential impact of the proposals to those with protected characteristics can be found in the accompanying Equalities Impact Assessment.

#### Qualitative Analysis

Over 1,200 free text comments, were analysed to identify the key themes emerging from the responses.

### 3.2 Analysis

731 people completed the questionnaire. These can be broken down as follows:

<b>Someone who uses getset services</b>	<b>Member of the public (who doesn't use getset services)</b>	<b>Member of staff</b>	<b>Responding on behalf of an organisation or group</b>	<b>Blank</b>
171	227	235	77	21

At any one time, over the last 12 months, an average of 299 families at Level 2 were receiving individual support from getset staff so a response of 171 from someone who uses getset services equates to 57%, which is a good representation of getset users.

Nearly a third of all responses were from SCC staff or people working in the wider children’s workforce. This can be broken down further:

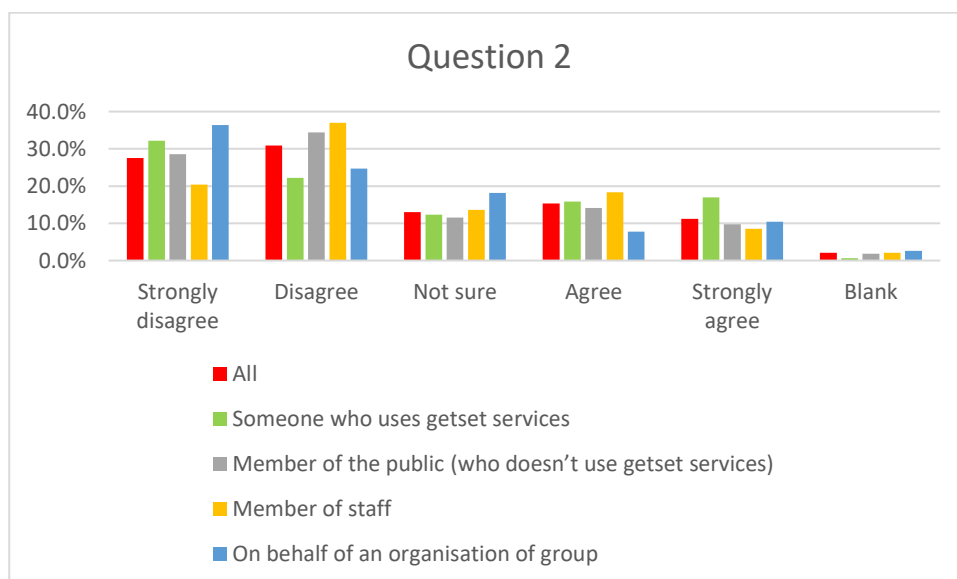
Of those who said member of staff

Question:1D Please specify your area of work:

District Council - Community Development	1
District Council - Housing	1
District Council - Other (please specify)	5
Health - CAMHS	10
Health - GPs	11
Health - Health Visitors	18
Health - Other (please specify)	37
Health - School Nursing	4
Police - Other (please specify)	1
Police - PCSOs	3
Police - Police officers	3
Schools - Other (please specify)	25
Schools - Parent and Family Support Advisors (PFSAs)	6
Schools - Pastoral support	5
Schools - Special Educational Needs Co-Ordinator (SENCO)	3
Schools - Teacher	22
Somerset County Council - Children’s Social Care	19
Somerset County Council - getset service	20
Somerset County Council - Other (please specify)	16
Other (please specify)	27

It should be noted that of the 235 respondents, 5 of them did not confirm their area of work.

### 3.2.1 Question 2 asked “To what extent do you agree with our approach of focusing our funding on the children and families with the most significant needs”





The majority of respondents either strongly disagree or disagree with our approach. The analysis from the free text fields for this question show that respondents felt funding should be focused on early help and prevention to prevent families needs escalating and requiring higher levels of care. Agreement with the approach is strongest from those who use the getset services.

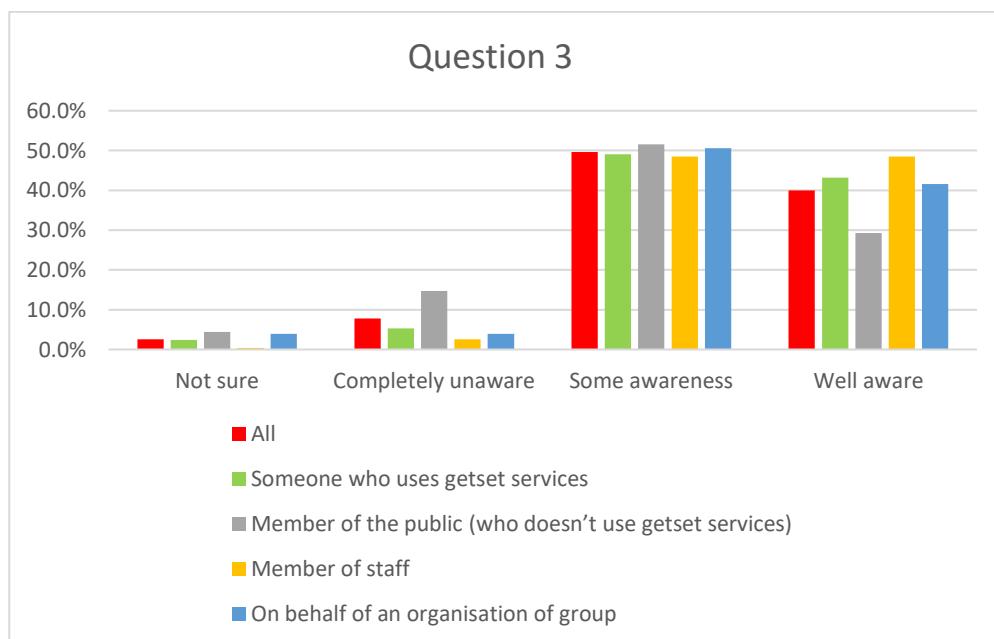
Unfortunately if the level 2 services are cut this may mean that more families end up requiring the more complex services and getting to the stage where needs are more significant, whereas input at the lower levels often is empowering to families and can help them manage their own needs in the long run, thus reducing their potential need for more complex support.

**Somerset Partnership NHS Foundation Trust, Paediatric Integrated Therapy Service**

Focusing on prevention will save the council money in the long run. Reducing skilled prevention services will increase spend for the council eventually, and will increase wider issues in communities. Identifying issues early, and supporting families to manage these issues without escalation into more expensive services, is a repeated learning point from research into this area. If the prevention service isn't working, it should be improved and redesigned, not deleted.

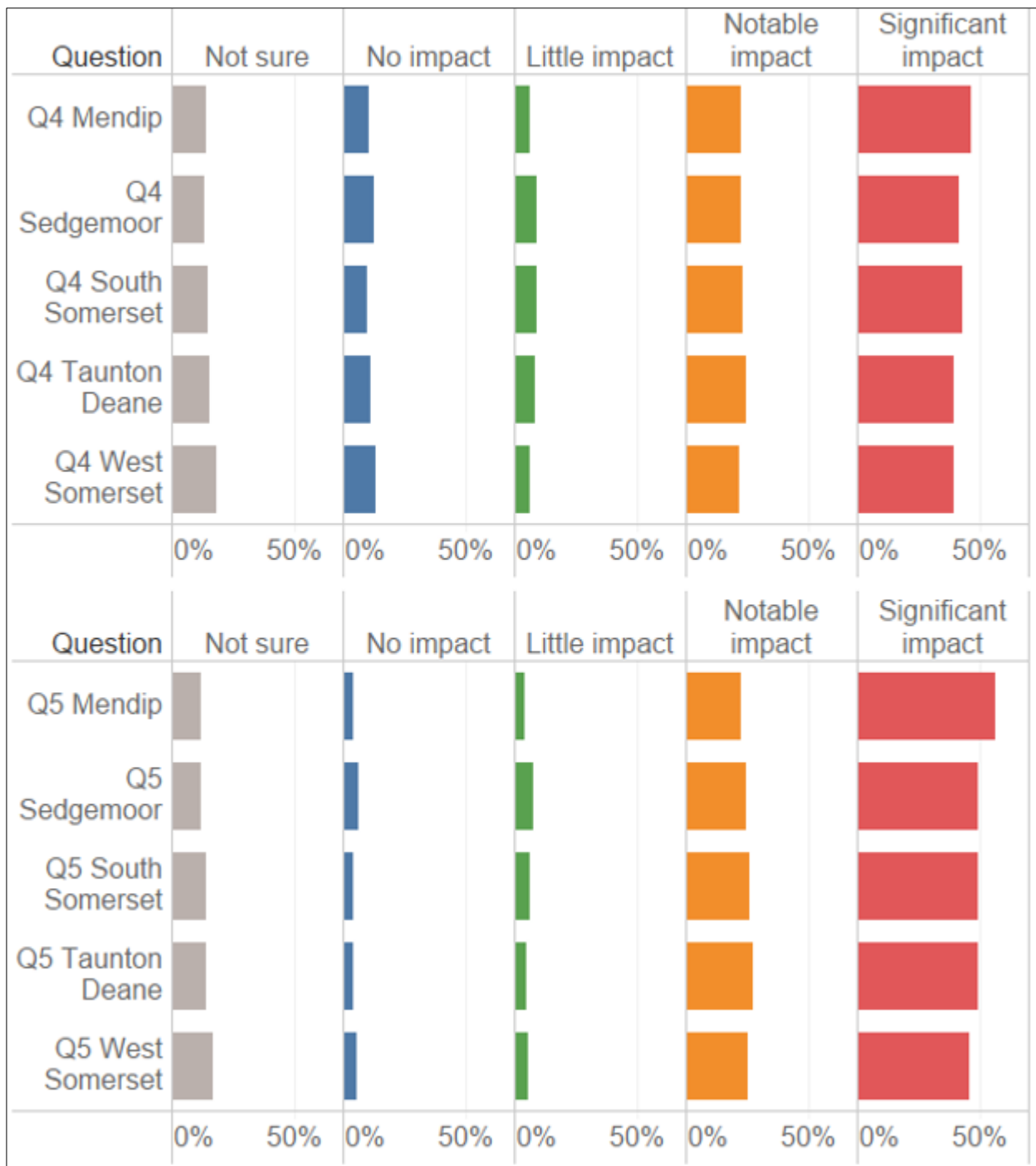
**Member of the public, South Somerset**

**3.2.2 Question 3** asked “to what extent were you aware of the parenting support groups currently available across Somerset?”



89.6% of respondents had some awareness or were well aware of the parenting support groups currently available across Somerset, which is reassuring.

**3.2.3 Question 4** asked about the impact regarding stopping the getset parenting support groups for children and families with additional needs (level 2) on individuals, organisations or services. While **question 5** asked about the impact on communities.



Question 4 showed that across all districts over 60% of respondents said there would be either a notable impact or a significant impact. This is a strong message from the free text responses where the majority of respondents felt that if the getset parenting support groups were stopped there would be a gap in provision that couldn't currently be met by the community led groups as they do not have the same level of professional knowledge and training in safeguarding which is crucial.

Question 5 showed there were slightly more respondents, 70%, that reported a notable or significant impact. This could be due to respondent's belief that proposals may affect more people in the community than themselves.

SCC are particularly interested to find out how families who have used getset feel they would be impacted by the proposals. Responses for Mendip, South Somerset and Taunton Deane followed the trend of saying there would be a notable/significant impact but responses for Sedgemoor and West Somerset felt there would be less of an impact with 60.4% and 58% respectively reporting no or little impact or not being sure. However, it should be noted that respondents could select more than one geographical area in their responses.

In my experience other groups do not provide the same level of support and do not have experienced qualified members of staff or offer 'Parenting support'. The other groups you refer to are often led by volunteers or parents and charge a fee of between £3 -£5

**Someone who uses getset services**

getset staff are highly trained and also interact on a continuing basis with other agencies. They are therefore able to spot issues which well-meaning volunteers would be unlikely to pick up on and make referrals in a timely fashion - nipping things in the bud. Their work is not just about providing a play space - it is many-layered.

**Team around the school Co-ordinator**

The following quote from a user of the getset service captures how the majority of respondents felt.

I have been to many other baby and toddler groups listed in your appendix 1 but none of them are run by the professional experienced people who run the getset groups. Many are run by volunteers who simply don't have the knowledge that getset staff have or are run as businesses (eg. singaling, tinytalk). The getset staff take time to get to know you and your child, they ask how you are, what your needs are and whether you need any advice - about feeding, sleeping, behaviour and look out for whether you are doing ok.

**Someone who uses getset services**

The group I attend is attended by some very vulnerable families, it is all well and good saying we can go to community groups but these are not run by professionals who can advise and offer early intervention. Most of the families that attend the group would be looked down on at community groups and most are made to feel unwelcome due to status or the clique of the group's. This is personal experience from myself and many other parents.

**Someone who uses getset services**

Respondents who identified themselves as 'members of staff' also highlighted that stopping these parenting support groups would have an impact on their service in terms of an increase in referrals.

As a service we are already seeing the impact of less and less early intervention in the county, the increase in referrals for children with behavioural, attachment, trauma or just delayed development due to lack of opportunity/parenting is staggering (we are not commissioned to address most of these areas but people don't know where else to go). Your Level 2 service is one of the only services left supporting these families at an early stage and stopping the need for significant intervention in the future.

**NHS Children's Occupational Therapist**

Through the face to face meetings with partners, feedback was received from several Young Parent Health Visitors about the involvement of getset in the Somerset Young Parents Programme which is delivered collaboratively between health and getset for the past four years. This collaborative way of working has been really positive as between the 2 services joint responsibility and accountability can be shared between agencies such as joint visits and shared tools such as Outcome star. There is a concern this will be a gap in service.

Respondents felt that the getset led groups are geographically located in the most appropriate areas, usually in line with levels of deprivation and some of the groups listed in the 'Somerset Service Offer (Early Childhood Services) Appendix 1' document are not always in the most appropriate area. Attending alternative groups could result in additional travel (cost/distance).

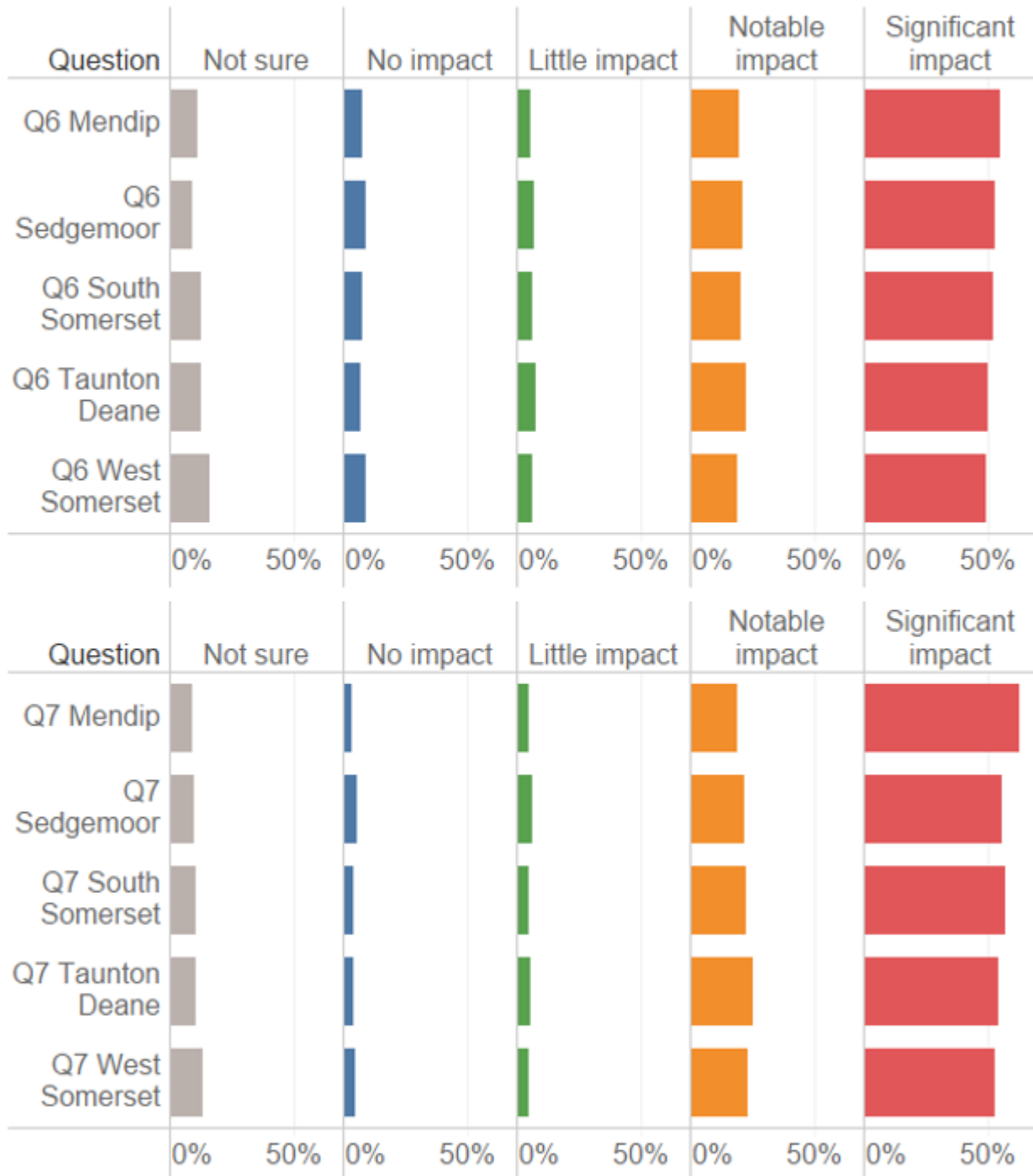
There are direct impacts on our housing service and on the One Team model of community working. We can currently refer / support families to the parenting support groups, where we understand that there will be trained professionals that can assist children / families with particular vulnerabilities. These groups provide an essential community resource, located in our most disadvantaged area. Similarly, getset workers (Level 2) can seek One Team / Housing assistance to support families with particular problems. The removal of these groups presents us with significant concerns - it may result (medium term) in Housing / One Teams with a growing caseload of families with extra complexities, which in turn has an impact on our collective resources and capacity.

**Taunton Deane and West Somerset Council**

So many of the local communities are significantly deprived and these groups are a life-line for parents who have little money and often not a lot of social contact with others and are an opportunity for the children to socialise with peers and access stimulation to support their development. The groups also allow parents and the children to access skilled staff and I fear that if local communities apply for grants and try to replicate the work of Get Set, they will not be skilled enough to do so.

**Member of staff, NHS Children's Speech and Language Therapist**

**3.2.4 Question 6** asked about the impact regarding the support for individual families on individuals, organisations and services while **question 7** asks about the impact on communities.



Question 6 shows that across all districts over 65% of respondents said there would be either a 'Notable impact' or a 'Significant impact'. Again, this is a strong message which was reinforced by the free text responses where the majority of respondents felt that if the getset support for individual families were stopped there would be a gap in provision which would lead to families requiring higher levels of support.

Question 7 showed there were slightly more respondents, over 75%, that reported a “notable or significant impact”.

SCC are particularly interested to find out how families using getset feel they would be impacted by the proposals. Responses for Mendip, South Somerset and Taunton Deane followed the trend but responses for Sedgemoor and West Somerset saw less of an impact with 45.9% and 46.1% respectively reporting little or no impact or weren't sure. However, individuals could select more than one answer.

Analysing responses from users of getset services there appeared to be little difference in how much they valued parenting support groups or support for individual families.

By not offering early intervention, minor needs may well become significant needs which ultimately cost more money - fence at the top of the cliff or ambulance at the bottom?

**Voluntary/Community Organisation**

There would be less intervention. Less 'eyes on the family' and neglect, dv, addiction, family crises' would be unaddressed until we have bigger problems. Schools rely on agencies such as Getset particularly at level 2 so that we can work jointly to support pupils. If we are doing our bit at school and they are returning to families with no lifeline at that level, they will be unlikely to reach age related outcomes and make progress in terms of their emotional literacy. In my experience, if things go unchecked they can quickly fall into chaos, but take an age to put right.

**Special Educational Needs Co-Ordinator (SENCO)**

As previously mentioned a strong theme from the consultation free text responses is around cases escalating to higher levels of need if the support for individual families is removed. In questions 4 to 7 the free text comments also raised that if the parenting support groups and individual support for families led by getset is removed, the added value that getset provide in terms of them observing families attending groups and identifying those families that need individual support will be lost.

Many families who receive support and signposting from Get Set are comfortable accessing services provided by the Staff. This is because they trust them. If that support is not available where will these families go? Who will they trust? The important safeguarding undervalued work done by the Level 2 staff will stop and children will be put at risk. These groups are not just about playing and learning to cook, they are about building trust and allowing access to hard to reach needy families.

**Police and Community Support Officer (PCSO)**

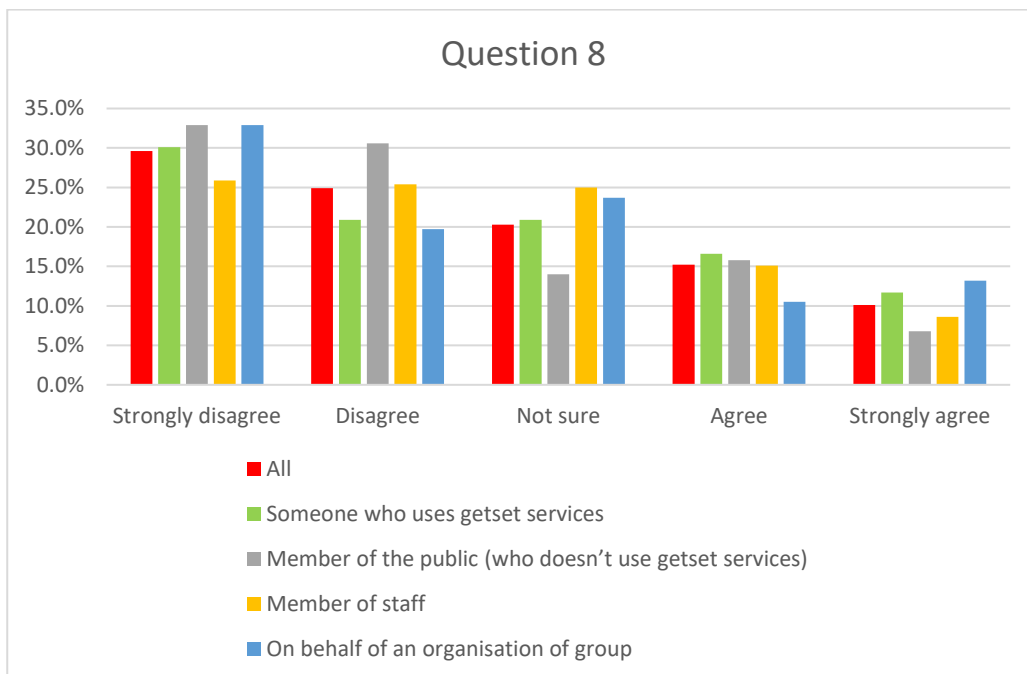
Getset has worked with tremendous success with a significant number of my children and their families. It has increased their life chances and has prevented many families from spiralling into level 3 (and above) need. Of all the services we access, Getset is among the best for outcomes for children in my organisation.

**Head Teacher**

Being a parent of three children who have all needed use of the services of Level 2 due to additional needs, I can tell you that without the help I received I doubt I would be here today. The cuts to level 2 would be a major blow to families like mine who were helped immensely by early intervention and parenting classes. Also the social and emotion support I received was vital. it can't be replaced.

**Someone who uses getset services**

**3.2.5 Question 8** asked “To what extent do you agree with the approach for the council to provide start-up funding to help individuals, groups or voluntary organisations set up and provide some of the support that would cease if these proposals are approved?”



Almost 30% of respondents strongly disagreed with this approach; 45.6% either agreed, strongly agreed or weren't sure.



Volunteers have neither the time to commit nor the expertise to contribute properly. The money is better spent keeping our services running.

**Portage Home Visitor**

If you can provide start up funding for these groups why can't you just keep them running.? The groups you are considering stopping are ran by trained and qualified people. Community groups do not provide the same quality staff.

**Someone who uses getset services**

**3.2.6 Question 9** asked “Would you, or a group, or organisation that you belong to, be interested in providing parenting support groups or support for individual families?”.

168 respondents said “Yes” for Parenting support groups”

133 respondents said “Yes” for Support for Individual families”

However, only 110 respondents left contact details.

### 3.3 Breakdown of demographics

The following tables provide a breakdown of the demographic data from those respondents who identified as someone who uses getset services. This is important information from the families to understand the potential impacts, thereby informing the Equalities Impact Assessment and final proposals.

#### Gender

Do you identify

As a man	16 9.4%
As a woman	140 81.9%
In some other way or no response	15 8.8%

#### Age

What is your age?

18-24	29 17.0%
25-34	64 37.4%
35-49	53 31.0%
50-64	12 7.0%
65+ or no response	13 7.6%

## Disability

Do you consider yourself to have a disability?

Yes	15 8.8%
No	133 77.8%
Prefer not to say	17 9.9%
Blank	6 3.5%

## Universal Credit/Family Tax Credits

Are you in receipt of Universal Credit/Family Tax Credit?

Yes	68 39.8%
No	81 47.4%
Prefer not to say	14 8.2%
Blank	8 4.7%

## Carer Status

Do you provide care for anyone

Yes	57 33.3%
No	100 58.5%
Prefer not to say	10 5.8%
Blank	4 2.3%

# Ethnicity

What is your ethnic group?

White	144 84.2%
Any non-White ethnicity	7 4.1%
Prefer not to say	12 7.0%
Blank	8 4.7%

## Children

Do you have any children?

Yes	154 90.1%
No	6 3.5%
Prefer not to say	6 3.5%
Null	5 2.9%

How many children in each age group do you have?

		Children aged 0-1				
		1	2	10	Total	
Yes	154 90.1%	92.5%	6.0%	1.5%	100.0%	
		Children aged 2-4				
		1	2	3	10	Total
Prefer not to say	6 3.5%	80.5%	15.6%	2.6%	1.3%	100.0%
		Children aged 5-12				
		1	2	3	Total	
Null	5 2.9%	62.9%	35.5%	1.6%	100.0%	
		Children aged 13-16				
		1	2	Total		
		94.1%	5.9%	100.0%		
		Children aged 17-21				
		1	2	Total		
		83.3%	16.7%	100.0%		

\*Does not include people who either said they had 0 children in the age group or who did not respond to the question

105 (61.4%) of the respondents who use getset services said they have access to a car.








79 (46.2%) of the respondents who use getset services said they have access to other forms of transport (including public transport).








133 (77.8%) of the respondents who use getset services said they have access to a mobile phone.

128 (74.9%) of the respondents who use getset services said they have access to the internet.

## 4.0 Correspondence Received

The following correspondence was received during the consultation.

Ref	Date Received	Sender	Content
1	19/11/2018	Letter from Dr Kate McCann Consultant Community Paediatrician, Musgrove Park Hospital	 Letter from Dr Kate McCann.docx
2	22/11/2018	healthwatch Somerset, Judith Goodchild, Chair of healthwatch Somerset	 healthwatch somerset.docx
3	03/12/2018	Adam Boyden, District Councillor in Frome  A telephone call on 12/12/2018 between Adam and the Strategic Commissioner also took place to talk through concerns	 FW Future of GetSet and Key Centre.msg
4	07/12/2018	Steve Altria, Parish Clerk Creech St Michael Parish Council	 FW GETSET Consultation Respons
5	07/12/2018	Sally Halls, Chair of Somerset Safeguarding Children Board	 Safeguarding conversation letter De
6	11/12/2018	Andy Lloyd, One Team Co-ordinator (on behalf of the nine coordinators across Somerset) and shared amongst their locality monitoring and steering group memberships, the chair of the Safer Somerset Partnership (which serves as the top tier strategic oversight for One Team working in Somerset) and the chair of the Somerset Safeguarding Children Board.	Somerset One Team / Together Team response.  Getset consultation - Combined Somerset C
7	13/12/2018	Email received from Paul Wynne, Town Clerk, Frome Town Council on behalf of Cllr Kate Bielby, Leader of Frown Town Council	<ul style="list-style-type: none"> <li>Letter to Mr. David Fothergill, Leader of SCC</li> <li>Completed questionnaire also attached which has been inputted into consultation software</li> </ul>  FTC Letter to DFothergill re SCC cut

Ref	Date Received	Sender	Content
8	17/12/2018	Email received from Lea Jones, Advanced Practitioner (Young Parent Lead & CSE Champion) Leaving Care Team, Children's Social Care, SCC	 Young Parent Lead for Leaving Care resp
	23/12/2018	Email received from Julie Haydon, ex employee of SCC	 Email from Julie Haydon.docx
9	24/12/2018	Letter received from Nick Robinson, Chief Officer of Somerset NHS Clinical Commissioning Group	 164. NRdflw241218-164 -l
10	28/12/2018	Letter received from Dr Alex Murray, On behalf of the Clinical Leads and the Clinical Executive Committee of Somerset Clinical Commissioning Group,	 2018-008 - Alex Murray to Pat Flaherty
11	28/12/2018	Report received from the Somerset Parent Carer Forum	 GETSET-report-Final.pdf
12	31/12/2018	Letter received from Sally Bryant, Maternity Matron, Musgrove Park Hospital	 Get set consolidated statement.docx
13	31/12/2018	Response from Cllr Adam Boyden, District Councillor in Frome. Includes active links to the petition (and signatory comments) and video, and cross party letter.	 SCC Getset L2 consultation response

## **Somerset County Council Response to the public consultation on the proposed changes to the County Council's support and services for children and families**

Somerset County Council (SCC) would like to thank everyone who contributed to the consultation; over 900 people gave feedback with 731 responding via the consultation questionnaire. The results have provided vital information and opportunities to follow up which will help to develop early help support and services in Somerset and inform those making decisions.

Below we have summarised the most common comments made through the consultation and responded to them.

### **1. Summary**

The consultation responses generally show respondents do not want to see cuts to the getset service despite the message in the consultation documentation for the need to make immediate cuts and concentrate scarce resources on statutory services. Responses from some key partners have highlighted the need to have a mixed economy of services and a better co-ordinated offer from a range of partners to more effectively support children and families.

SCC is very pleased to be working more closely with the District Councils to explore greater opportunities to collaborate on community development. In addition, the multi-agency Early Help Strategic Commissioning Board has an increasingly strong membership which is actively taking forward the need for effective early help across Somerset.

SCC and partners have agreed that providing early help for families is everyone's business and it is clear that getset have gone above and beyond for families sometimes in the absence of partners meeting their early help responsibilities. This was highlighted by Ofsted in the inspection report published in January 2018:

- *Early help, although improved, requires further integration with partners to increase its capacity.*
- *Early help services in Somerset have improved, yet are not fully established across the partnership.*

## 2. Our Approach

Question 2 asked how respondents felt about our proposal to focus funding on children and families with most significant needs.

Your Response	Our response
<p>2.1 Many people felt early help was important and needed to be resourced</p>	<p>We agree and believe there is a wealth of support already in place across all partners but that it is not yet well co-ordinated, signposted or that all partners fully play their part.</p> <p>We already invest £17.8m in providing a range of services (see Appendix A below) but believe that supporting the community and voluntary sector will help to make a greater difference to local areas in a more sustained way alongside the proposals for the re-design of Somerset’s early help approach.</p>
<p>2.2 Partners’ responses particularly outlined that families may not have their needs met earlier and will “escalate” to statutory services.</p>	<p>Through the agreed Somerset Early Help Charter and Early Help Strategy all partners in Somerset have agreed that <b>“early help is everyone’s business”</b> and that every agency has a responsibility to support children when issues are first noticed.</p> <p>The council has invested, and will continue to fund, level 3 services which also provides support to families with more complex needs, before statutory social care intervention is required. The council acknowledge that more needs to be done to co-ordinate the range of activities available both within the council and with external partners, and actively plans to address this over 2019 with the proposals to improve early help in Somerset.</p> <p>Through our proposals we need to ensure that access to early help is clearly defined and communicated to all practitioners who work with children and families.</p> <p>The National Audit Office report on “Pressures on children’s social care” published in January 2019, lays out</p>



	<p>recent trends in pressures on children’s social care. Amongst its key findings are that <i>“Local authorities which have closed children’s centres have not had any consequential increases in child protection plans. We found that the closure of these centres has not resulted in increased statutory children’s social care activity. Indeed, for those local authorities which had closed centres there was a slight fall in the number of child protection plans in future years”</i>.</p>
<p>2.3 The use of the Early Help Assessment (EHA) by partners is seen as a barrier to supporting families</p>	<p>The EHA is the agreed inter-agency assessment tool for all Somerset Safeguarding Children Board members. This is set out in Department for Education ‘Working Together to Safeguard Children 2018’ statutory guidance setting out what organisations and agencies that have functions relating to <b>children</b> must and should do to <b>safeguard</b> and promote the welfare of all <b>children</b> and young people under the age of 18 in England.</p> <p>If the EHA is completed appropriately by front line practitioners (guidance is provided via the ‘Effective Support for <a href="#">Children and Families in Somerset guidance</a> and <a href="#">Professional Choices website</a>) this can help identify the child/family’s needs and what support is required.</p> <p>We have continued to review the EHA with partners and have further plans to create a digital form to aid completion and look into how we can roll out the electronic Early Help Module to the wider early help workforce.</p>

Discussions have been held between SCC and representatives from the district councils who reported “...***there could be ways that the two tiers could work more effectively with wider partners to deliver good early help services for less cost. There is a lot of community activity going on at this time, such as One Teams, community hubs and community support groups, all of which could be utilised to build a greater community early help offer***”. The group felt that more time was needed to fully understand the impact of the proposals before they were implemented.

The consensus from the One Team / Together Team co-ordinators across Somerset was that “**a strong locality-based, family and child support network of both statutory and voluntary sector agencies would provide a far more effective approach to improving children’s lives**”. This is in line with Somerset’s Early Help Strategy and we support this view, outlining in the consultation proposals the aim to invest more resources in the community and voluntary sector in future. We recognise there is more to do to co-ordinate a coherent approach to identifying and supporting families that need additional help.

The first step to achieve the above ambitions is to bring all partners, including the voluntary sector and community leaders together to understand the needs in communities and agree how we all work together to support children and families.

### **3. Parenting support groups and support for individual families**

<b>Your response</b>	<b>Our response</b>
<p>3.1 Nearly 90% of respondents had some awareness or were well aware of other groups running in their area</p>	<p>This is reassuring and we are working to ensure this information, and more, is available on the <a href="#">Somerset Choices</a> website so all families can have this information. We will continue to maintain and update Somerset Choices.</p>
<p>3.2 Some comments highlighted concerns regarding the gap that would be left by removing getset level 2, and how accessible the other range of groups are for families, in terms of geography and cost.</p>	<p>A further analysis of this has been undertaken which has been used to inform the Equalities Impact Assessment.</p> <p>The getset level 2 team will move to providing family group work rather than case work and working alongside other key agencies that support 0-4 year olds; for example health visitors and Early Years settings enabling more families to be supported. This group work could include nurture groups run on particular themes such as school readiness, and drop in sessions in local community venues.</p> <p>Our proposals show how we are keen to invest in the voluntary and community sector to increase local provision, as they are often more agile and innovative in improving outcomes for families. They can then work in collaboration with other public services that are already provided; we recognise this will take time to develop and so we are proposing interim measures to ensure that there is continuity of support.</p>

Your response	Our response
<p>3.3 The majority of comments received from families highlighted how well regarded and valued the getset service is, having positive benefits for their children and themselves. Groups run by getset are seen as providing a safe non-judgmental environment for parents to meet and the family support workers are able to spot potential issues where perhaps others may not.</p>	<p>We are pleased the staff have been recognised for the great work they do with families. The next step is to ensure other groups receive training and support so that they too can provide this. This can be achieved by accessing training bids which offer a range of learning such as face to face as well as e-learning as we acknowledge volunteers are juggling work and family life as well as volunteering.</p>
<p>3.4 There appeared to be some concern that volunteers are untrained or unable to provide high quality support for children and families.</p>	<p>There are many examples nationally, and in Somerset, where volunteers provide exceptional care and support to children and families with additional and very complex needs, and SCC are keen to support this type of model in future.</p> <p>For example, <b>Home-Start West Somerset</b> currently have over 60 volunteers, 36 of which who are classified as 'home visiting' volunteers and mainly offer support to families in their home. All volunteers are checked through the disclosure and barring service (DBS) and follow a robust recruitment process. The majority of volunteers at Home-Start are retired professionals eg lawyers, teachers, nurses and undergo an 8 week induction course before they work with families. They use the national Home-Start UK's quality assurance programme (which is their equivalent to Ofsted) and in their last inspection in October 2017 they achieved 96% which demonstrates a 'good quality' standard.</p> <p><b>Safe Families for Children</b> who operate in the Mendip and Yeovil areas are a church-based organisation who are recognised nationally. They have 61 volunteers in total which again are mainly of retirement age and retired professionals.</p> <p>Across <b>6</b> areas nationally, feedback has been collated from service users. against a scale of 1 to 10, 1 being totally unsatisfactory, 10 being outstanding):</p>

Your response	Our response
	<ul style="list-style-type: none"> <li>• <b>90%</b> of people responded <b>8</b> or higher when asked - <i>How did you like the help given by Safe Families for Children?</i></li> <li>• <b>94%</b> of people responded <b>8</b> or higher when asked - <i>How did you like your Safe Families for Children volunteers?</i></li> <li>• <b>98%</b> would recommend Safe Families for Children to a friend</li> </ul> <p>SCC have an 'Approach to volunteering' document in place which sets out definitions of volunteers and guiding principles around management, outcomes, standards and recruiting and matching of volunteers.</p>
<p>3.5 Some feedback from partners concerned the use of the early help assessment (EHA).</p>	<p>There is still some confusion in partner agencies as to when an EHA should be undertaken. An EHA is not required to attend universal or open access groups. An EHA is only undertaken with full consent of the family where additional help, often needing other partners involvement, is required. SCC continues to support the review of the EHA with partners (as mentioned in 2.3 above), provide training and advice through the Early Help Advice Hub, and there are plans to re-model the hub as a single multi-agency support and triage point to provide support and training for professionals and for families requiring more intensive telephone advice. These plans will enable partners to engage more fully in meeting their early help responsibilities.</p>
<p>3.6 In a small number of responses, there appeared to be a misunderstanding that there would be no individual case work for families in place</p>	<p>There remains a range of support via casework available at level 2 and 3, from both the council (see appendix A below) and other partners eg health visitors and PFSAs for school age children that will continue.</p>
<p>3.7 A petition with over 500 responses was received in relation to the <b>Key</b></p>	<p>Previous decisions made by the council identified the Key Centre as one of the 8 retained family centres, and that is still</p>

<b>Your response</b>	<b>Our response</b>
<b>Centre in Frome</b> and a concern this would close	the case; it will remain open. Health visitors, other council family services and potentially other public sector and community services will be utilising the centre for the benefit of local families.

#### 4. Getting involved

<b>Your response</b>	<b>Our response</b>
4.1 In relation to the question (question 8) regarding <b>start-up funding</b> to help individuals, groups or voluntary organisations set up, there was 54.5% who either 'disagreed' or 'strongly disagreed' compared to 25% who either 'agreed' or 'strongly agreed' and a further 20% 'not sure'. Some respondents felt strongly that if there was funding available this should go to retaining the level 2 service.	<p>The Early Help Strategic Commissioning Board, which is a multi-agency group, considered this response and suggested it may be that respondents felt there was little detail of the vision and what the future could look like which meant people were unsure and therefore couldn't agree; they could however see what was being proposed to be cut.</p> <p>Following the staff reductions already undertaken in getset the level 2 service consisting of 11 FTE family support workers covering the whole of Somerset costs £280k. The Council's view is that by investing an annual £200k in community based local support, this has the potential to become a much larger, more effective and sustainable resource with the ability to attract further funding from other sources. The proposals set out in Appendix 1 explain how we will achieve this.</p>
4.2 There were 110 respondents who gave their details and would like to be involved in supporting early help in the future.	<p>This is a really positive response; thank you to those that left contact details.</p> <p>SCC and the district councils are planning district events in the spring/summer 2019 inviting parish and town councils, local stakeholders and partners including charitable, voluntary and community groups plus the respondents to this consultation. The aim will be to explore local early help opportunities and actions to take forward.</p>

## **Appendix A: Other early help support provided by the Council**

This list provides details of early help support and services that the council provide. This complements the details of groups and activities included in the consultation paper. In addition, practitioners working in universal services eg schools, nurseries, GP practices have a role in identifying and supporting children that may need extra help.

SCC provides early help through its Children with Disabilities Team which offers support to families who have a child with a disability. This includes one to one emotional support, respite and opportunities for children to attend activities.

Team 8 (Community Adolescent Team) provide early help support to adolescents (Year 7 upwards) and their families whose children are experiencing complex (Level 3) issues, such as drug and alcohol misuse, child to parent violence and unhealthy family relationships.

The Special Educational Needs and Disabilities (SEND) Team provide advice and guidance for children and young people who need additional help with learning and who may require an Education Health and Care plan (EHCP). They will also signpost to other relevant organisations.

Parent and Family Support Advisers (PFSA) work in schools providing help for parents and families. They support parents with some of the everyday problems that they might be having with their children so that the children are happy to attend school and engage in their learning. PFSAs support parents with things like behaviour, attendance and health and can signpost families to more specialist support if it is needed.

The Team Around the School (TAS) model is a local network which consists of schools and other support services that meet on a regular basis to have a shared conversation about children and young people that they may be worried about and that early help and intervention may stop concerns escalating. The model provides the infrastructure for agencies to work together to improve outcomes for children, young people and their families.

The Local Authority also provides funding to support to the Early Years sector to ensure sufficient places and to support settings to meet the needs of young children through support and challenge using the Early Years Foundation Stage Statutory Framework.

Support Services for Education (SSE) is a traded unit within Somerset County Council that offers a wide variety of support services to all education and early years providers and other establishments. Their services are funded through the Local Authority to undertake statutory assessments through the Education Psychology Service. Funding is also provided through Dedicated Schools Grant – High Needs to support education establishments, children and young people 0 – 25 year by providing assessment, support and guidance through the following services: Autism and Communication Service, Educational Psychology Service, Hearing Support Team, Vision Support Services, Learning Support Service, Early Years Areas SENCOs, Portage Home Visiting Service and the Physical Impairment and Medical Support Team (PIMST) (List not exhaustive). More information can be found here: <http://www.supportservicesforeducation.co.uk>

SCC fund health visitors and school nurses and from April 2019 this service will be delivered directly by SCC providing a 0-19 years Public Health Nursing service that supports children, young people and families from conception to adulthood. This is the first step in developing a children and young people's public health service which is place based and closely linked to the communities, organisations and services who can positively influence the factors affecting the life chances of children, young people and families in Somerset.

The council is funding and directly providing a range of level 2 and 3 support services, but recognises that more needs to be done to co-ordinate the range of activities available both within the council and with external partners, and actively plans to address this over 2019.

This page is intentionally left blank



# Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer

<b>Organisation prepared for</b>	Somerset County Council		
<b>Version</b>	V10.0	<b>Date Completed</b>	31 January 2019

## Description of what is being impact assessed

### Proposals for the alteration and/or reduction of early help services provided to children and their families.

The Council is proposing to reduce some of the support currently provided for children and their families by the Council’s getset service. The support that would be reduced is mostly for families with children aged 0 to 4 who have Level 2 additional needs as set out in the Somerset Safeguarding Children Board’s [Effective Support for Children and Families in Somerset guidance](#).

Early help means providing support as soon as a problem emerges, at any point in a child’s life. Effective early help relies upon families, communities and local agencies working together to identify and assess the need for early help.

Level 2 describes children and families who require some extra support in addition to what every child receives, to help them reach their potential. This may be short term, but requires a targeted service to support the child and family.

The Council’s getset services are part of Somerset’s early help offer and is delivered in 2 parts:

- Level 2 - Work with children and families with ‘additional’ needs, aged 0-4
- Level 3 - Work with children and families who have ‘complex’ needs aged 0-19 and this work requires support from different organisations working together.

Please note: Early help is not the help and support that children and families get when they have serious difficulties and require statutory interventions including children’s social care. This help and support, including that from getset Level 3, is unaffected by these proposals.

The work that getset level 2 undertake can be grouped together:

### **Parenting support groups (including parenting programmes)**

Groups can be offered in 2 ways:

Universal provision – Groups that support the population as a whole. These services are available to all children, young people, and their families. They can be accessed without any type of assessment.

Targeted provision - These are for children, young people and their families who may need additional support to access services, or may need groups or services that are specifically designed to meet their needs. Some targeted provision can be accessed directly with or without an assessment.

There are different groups that getset currently offer which can be explained below:

Table 1

Bumps and Babes	Universal – Group for parents to be and parents with babies under 18 months.
Messy Play Stay, Play and Learn	Universal - Group for parents to come together with other families to have fun playing and learning with their children (aged under 5).
PEEP (Peers Early Education Partnership)	Targeted - Learning together programme supporting parents and children to learn together.

### **Support for individual families**

This work involves direct, one-to-one support with individual children and families. It involves establishing relationships and working closely with families to carry out an assessment, (which is called an Early Help Assessment) which is used to help discuss what support is needed to get families back on track and to make positive changes to their lives.

### **FUTURE PROPOSAL**

- Retain getset level 2 team until March 2020 providing support to children with some additional needs at level 2 and their families by delivering group work and some key parenting programmes in areas identified as greatest need.

- The team will move to providing group work and building resilient community settings, rather than individual case work, working alongside other key agencies that support 0-4 year olds eg health visitors and Early Years settings enabling more families to be supported.
- The team will deliver a “train the trainer” model for evidence based parenting programmes open to any community / voluntary group to enable them to identify and support more vulnerable families and run parenting programmes
- The team will align with the Public Health Nursing teams and be allocated across the 8 family hubs; they should act as community agents and help partners through training to identify and provide support for families so that partners can continue this once the getset level 2 service ends in March 2020.

NB these proposals form part of a larger programme of activity to improve Somerset’s early help approach.

Impacts on staff have not been considered as part of this assessment due to the low numbers of staff affected. Any consideration around changes to staffing and impacts upon them will be dealt with separately through HR policy and practice and via a collective consultation with the unions.

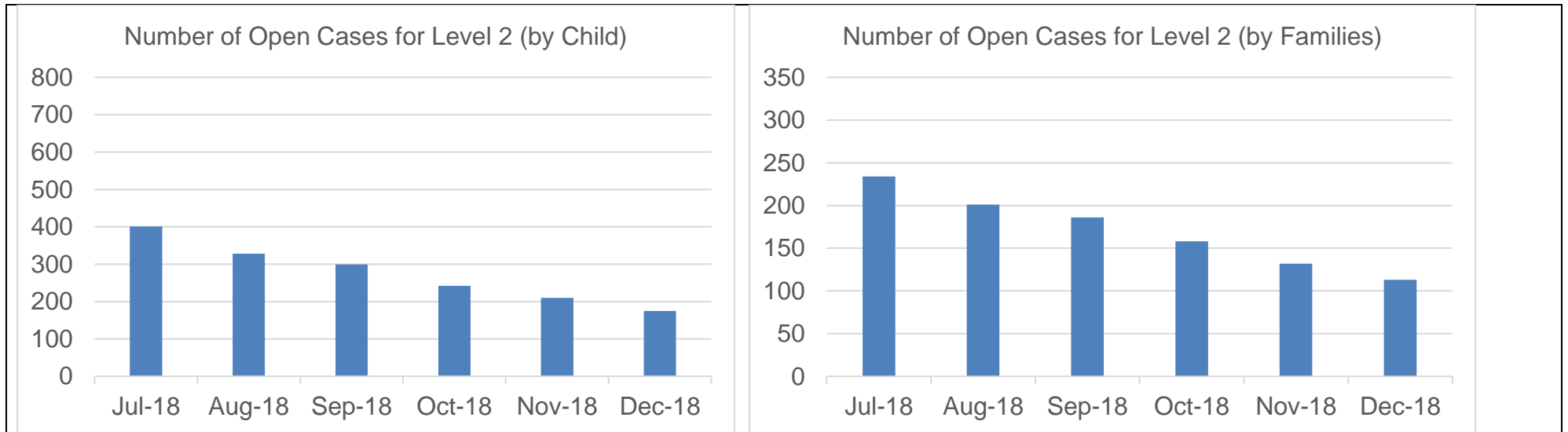
### **Evidence**

**What data/information have you used to assess how this policy/service might impact on protected groups?** Sources such as the [Office of National Statistics](#), [Somerset Intelligence Partnership](#), [Somerset’s Joint Strategic Needs Analysis \(JSNA\)](#), Staff and/ or [area profiles](#), should be detailed here

### **Current demand of getset Level 2 Service**

#### Open cases and caseloads

The following graphs show the Level 2 open cases, by child and by family since July 2018.



The revised staffing structure in getset level 2 was implemented from the 1 January 2019:

- July - December 2018 = 30 FTE (full time equivalent)
- January 2019 = 11 FTE

Using the above staff numbers the average caseload for a worker in July 2018 equates to 7.8 families. In December this has reduced to 3.7 families.

It is worth noting these calculations are based on establishment rather than headcount. From January 2019 the Level 2 establishment has reduced to 11 FTE which if using December's data would equate to a caseload of 10.2 families per worker. This remains well within the agreed caseload figures of 1:20.

#### Table 2 - Age breakdown of open cases (Children)

The level 2 cases (as at December 2018) can be broken down further to show the split of the cases across the 4 geographical areas and shows unborn children and up to the age of 4 years being worked with.

Age	Mendip	Sedgemoor	South Somerset	Taunton & West Somerset
Unborn	1	3	3	1
0 to 4	32	20	43	55

Table 3 - Gender breakdown of open cases (Children)

The table below shows the breakdown for children with open cases by gender (As at December 2018).

	Level 2 (Children)
Female	66
Male	79
Unknown	1
Unborn	8

Disability data (Children)

The level 2 cases (as at December 2018) shows that 3 children had a disability. SCC also provides early help through its Children's with Disabilities Team which offers support to families who have a child with a disability. This includes one to one emotional support, respite and opportunities for children to attend activities. The Special Educational Needs and Disabilities (SEND) Team provide advice and guidance for children and young people who need additional help with learning and who may require an Education Health and Care plan (EHCP). They will also signpost to other relevant organisations to provide support.

Table 4 - Ethnicity breakdown of open cases (Children)

The table below shows the breakdown for children with open cases by ethnicity level 2 cases (as at December 2018)

<b>Ethnic Group</b>	<b>Children</b>
Any Other Ethnic Group	1
Asian/Asian Bri - Other Asian	2
Black or Black British - African	1
Client Declined	2
Filipino	1
Mixed - Other Mixed Background	2
Mixed - White & Asian	1
White - British	123
White - Other Cultural Background	1
White - Other European	1
Unknown	19

**Table 5 Parenting Support Groups**

The following tables show attendance at the getset led parenting support groups across the 5 geographical areas for the whole of 2018, grouped by quarters. It shows the number of times each group took place, the number of children who attended and the number of parents/carers who attended.

Group	17/18 Quarter 4: Jan - Mar 18			18/19 Quarter 1: Apr - Jun 18			18/19 Quarter 2: Jul - Sep 18			18/19 Quarter 3: Oct - Dec 18		
	Number of times group occurred	No of children attended (0-4)	No of parent/carers attended	Number of times group occurred	No of children attended (0-4)	No of parent/carers attended	Number of times group occurred	No of children attended (0-4)	No of parent/carers attended	Number of times group occurred	No of children attended (0-4)	No of parent/carers attended
Bumps and Babes	15	45	45	19	46	57	11	31	34	15	28	33
Messy Play	10	16	17	0	0	0	2	14	12	0	0	0
PEEP	0	0	0	0	0	0	0	0	0	0	0	0
Stay, Play and Learn (includes Cookery and Singing Activity)	63	179	162	56	140	206	28	140	128	22	79	81
<b>Mendip Total</b>	<b>88</b>	<b>240</b>	<b>224</b>	<b>75</b>	<b>186</b>	<b>263</b>	<b>41</b>	<b>185</b>	<b>174</b>	<b>37</b>	<b>107</b>	<b>114</b>
Bumps and Babes	11	13	17	12	13	20	10	16	17	12	7	7
Stay, Play and Learn	21	57	58	23	53	54	15	32	30	19	31	27
<b>Sedgemoor Total</b>	<b>32</b>	<b>70</b>	<b>75</b>	<b>35</b>	<b>66</b>	<b>74</b>	<b>25</b>	<b>48</b>	<b>47</b>	<b>31</b>	<b>38</b>	<b>34</b>
Bumps and Babes	0	0	0	0	0	0	0	0	0	9	7	9
PEEP	38	41	37	47	49	49	9	16	18	6	6	10
Stay, Play and Learn (includes Singing Activity)	35	70	69	24	55	51	9	38	30	17	36	32
<b>South Somerset Total</b>	<b>73</b>	<b>111</b>	<b>106</b>	<b>71</b>	<b>104</b>	<b>100</b>	<b>18</b>	<b>54</b>	<b>48</b>	<b>32</b>	<b>49</b>	<b>51</b>
Bumps and Babes	13	20	23	12	14	17	11	14	16	18	10	12
getset drop in	0	0	0	0	0	0	0	0	0	0	0	0
PEEP	9	12	12	2	1	1	0	0	0	0	0	0
Stay, Play and Learn	22	39	35	18	40	36	16	57	68	24	41	37
<b>Taunton Total</b>	<b>44</b>	<b>71</b>	<b>70</b>	<b>32</b>	<b>55</b>	<b>54</b>	<b>27</b>	<b>71</b>	<b>84</b>	<b>42</b>	<b>51</b>	<b>49</b>
PEEP	0	0	0	5	10	8	2	6	5	0	0	0
Stay, Play and Learn (includes Messy Play)	42	153	151	42	110	106	28	63	80	32	41	40
<b>West Somerset Total</b>	<b>42</b>	<b>153</b>	<b>151</b>	<b>47</b>	<b>120</b>	<b>114</b>	<b>30</b>	<b>69</b>	<b>85</b>	<b>32</b>	<b>41</b>	<b>40</b>

Groups such as Bumps and Babes, Messy Play and Stay, Play and Learn are open to anyone. Additionally parent/carers with open cases at Level 2 could be asked to attend the above groups as part of an agreed action plan. Demographic data is only held on parents and carers who have open cases. PEEP is a targeted provision for which we hold demographic data within open cases at Level 2.

Table 6 - Parent/carer data by gender

The table below shows the breakdown of parent/carers with open cases (as at December 2018) by gender:

Female	118
Male	96

Table 7 - Parent/carer data by age group

The table below shows the breakdown of parent/carers with open cases (as at December 2018) by age group:

Teen parents (<19)	6
Parents aged 20-24	53
Parents aged 25-34	122
Parents aged 35-44	28
Parents aged 45+	5

Table 8 – Parent/carer data by sexual orientation

The table below shows the breakdown of parent/carers with open cases (at December 2018) by sexual orientation:

Heterosexual	6
Not stated	208

Table 9 – Parent/carer data by ethnicity

The table below shows the breakdown of parent/carers with open cases (at December 2018) by ethnicity:

Any other ethnic group	2
Asian/Asian British – Other Asian	4
Client declined	4



Not stated	80
White – British	119
White – Other cultural background	1
White – Other European	4

Table 10 – Parent/carer data by religion

The table below shows the breakdown of parent/carers with open cases (at December 2018) by religion:

Atheist	3
Christian	10
Church of England	1
None	7
Other	1
Roman Catholic	1
Unknown	3
Not stated	188

Table 11 – Groups based in venues linked to a faith

Appendix 1 of the public consultation listed other groups and activities that are run by other people or organisations that provide the same kind of support for children and families. The list below shows how many groups are based in venues linked to a faith. This shows that there are other groups and activities for people with religious/non-religious beliefs.

<b>Area</b>	<b>Total number of groups</b>	<b>Groups based in venues linked to a faith</b>
Mendip	109	23 (21.1%)
Sedgemoor	84	12 (14.2%)
South Somerset	111	35 (31.5%)
Taunton	57	11 (19.2%)
West Somerset	60	11 (18.3)

### Table 12 - Travel impacts

The following table obtained from the 2011 census data shows vehicle ownership in households across Somerset.

<b>Vehicle ownership in households – average for all Lower Super Output Areas (LSOA)</b>	<b>Somerset %</b>
Households with no vehicle	16%
Households with one vehicle	43%
Households with 2-4 vehicles	41%

Analysis was carried out of the 39 groups offered by getset and looking at the most comparable alternative provision. In analysis of the parenting supporting groups that are available in the community a significant proportion would be difficult to reach using public transport due to routes not being available at the right time. The additional distances range from 1 to 21 miles. Of the alternative provision 59% would require use of public transport with 41% being able to travel the distance by foot (no more than 1 mile). Appendix 5 shows the detailed analysis on the closest alternative provision and the travel impacts.

### Consultation responses

The public consultation ran for 8 weeks and over 900 responses were received. Over 1,200 free text comments were analysed to identify the key themes emerging from the responses. The full report, analysis and breakdown of demographics can be seen in Appendix 2 of the 11 February 2019 cabinet papers.

#### Some key highlights from the consultation:

- 171 responses were from someone who uses the getset service. At any one time, over the last 12 months, an average of 299 families at Level 2 were receiving individual support from getset staff; which equates to 57% which is a good representation of getset users.
- The largest response was 235 (32%) which were members of staff either from SCC or the wider children's workforce.
- The strongest theme from the free text fields was that early help and prevention is key to preventing families' needs escalating and requiring higher levels of care.
- 89.6% of respondents had 'some awareness' or were 'well aware' of the parenting support groups currently available across Somerset, which is reassuring.

- Across all districts over 60% of respondents said there would be either a 'notable impact' or a 'significant impact' on individuals, organisations and communities if parenting support groups were stopped
- Across all districts over 65% of respondents said there would be either a 'notable impact' or a 'significant impact' on individuals, organisations and communities if support for individual families was stopped.
- Over 80% of respondents who were users of the getset service were women.
- Through face to face meetings with partners Young Parent Health Visitors were anxious about collaborative work with getset Level 2 to provide parenting programmes specifically designed to support young parents not continuing.

**Who have you consulted with to assess possible impact on protected groups?** If you have not consulted other people, please explain why?

In an attempt to ensure that the views of traditionally under-represented areas of the community were captured and considered, specific programmes of activity were developed as part of the consultation process. Diversity Voice were commissioned to translate the consultation paperwork into Portuguese, Polish and Romanian and then engage with relevant families in these communities. This resulted in at least 56 consultation questionnaires being completed by nationalities including the above as well as Bulgarian, Lithuanian, Danish and French.

Responses received through the online consultation:

- 15.0% were men
- 73.7% were women
- 7.0% considered themselves to have a disability
- 27.2% defined themselves as a 'carer'
- 17.2% were in receipt of universal credit/family tax credit
- 73.6% has children
- 78.5% had access to a car
- 39.9% had access to transport (including public transport)

<b>Analysis of impact on protected groups</b>				
The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.				
<b>Protected group</b>	<b>Summary of impact</b>	<b>Negative outcome</b>	<b>Neutral outcome</b>	<b>Positive outcome</b>
<b>Age</b>	<ul style="list-style-type: none"> <li>There could be a disproportionate impact on young parents who are more likely to require additional support and guidance around parenting skills as getset provide support to young parent health visitors as part of the Young Parents Programme. Although the group would continue to be led by health getset wouldn't be involved in the running of the programme.</li> <li>The impact of not providing support and guidance to parents/carers with children aged 0-4 could increase the need for those families. This could see an increase in families presenting for level 3 and 4 services with increased needs.</li> </ul>	☒	☐	☐
<b>Disability</b>	Reduced access to alternative provision could result in the main carer becoming isolated. This could then affect the main carers mental health due to them becoming more socially isolated.	☒	☐	☐
<b>Gender reassignment</b>	On review of the data we don't foresee any disproportionate impacts on this group.	☐	☒	☐
<b>Marriage and civil partnership</b>	On review of the data we don't foresee any disproportionate impacts on this group.	☐	☒	☐

<b>Pregnancy and maternity</b>	On review of the data we don't foresee any disproportionate impacts on this group.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Race and ethnicity</b>	On review of the data we don't foresee any disproportionate impacts on this group.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Religion or belief</b>	On review of the data we don't foresee any disproportionate impacts on this group. Table 11 above provides data on venues linked to a faith	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Sex</b>	<p>Current data on open cases show that more female parent/carers are supported by getset (Table 6).</p> <p>Table 7 shows that 59% of households are likely to have access to no or one vehicle. We can make an informed judgement that if it is a one car household then this will be by the main wage earner of the household which will leave the primary carer who is more likely to be a woman to be without access to a vehicle. Appendix 5 indicates that of the alternative provision 59% would require use of public transport with 41% being able to travel the distance by foot (no more than 1 mile).</p> <p>The above indicates that there is an additional burden on women being able to access parenting support groups if they do not have access to a car.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Sexual orientation</b>	On review of the data we don't foresee any disproportionate impacts on this group.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<p><b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b></p>	<p>The removal of level 2 support for socially isolated and vulnerable groups in Somerset could lead to increased isolation and vulnerability for these groups.</p> <p>The removal of level 2 support for families on low income in Somerset could lead to increased isolation and vulnerability for these groups. This group is less financially able to access additional support and guidance where there is a fee attached.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Negative outcomes action plan</b> Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.</p>				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
<p><b>NB A set of proposals to improve Somerset's early help approach is being developed, subject to cabinet approval in February 2019 and will then form a detailed project action plan. Main proposals are:</b></p>				
<p>Retain getset level 2 team in its current form, for the implementation period until March 2020. Team will work closely with other key agencies that support 0-4 year olds and the voluntary sector which will develop a stronger early help offer for 0-4 year olds.</p>	<p>March 2020</p>	<p>Strategic Commissioner for Early Help</p>	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• Quality, Performance and Review Monitoring (QPRM) Meetings</li> </ul>	
<p>To ensure children and families needs are identified at the right time, the Team around the School model will be extended to cover 0-4 year olds. This will strengthen</p>	<p>March 2020</p>	<p>Strategic Commissioner for Early Help,</p>	<ul style="list-style-type: none"> <li>• Early Help Strategic</li> </ul>	

partnership working across the early years sector and ensure take up of targeted 2 year old funding for child care is closely monitored.		Early Years and Primary Adviser	Commissioning Board <ul style="list-style-type: none"> <li>• QPRM Meetings</li> </ul>	
<p>Improve Somerset Choices website by offering self-help, self-referral methods to increase self-resilience in families.</p> <p>Ensure community groups, parenting support/advice, breastfeeding, ante and post-natal support are widely publicised, thereby supporting individuals to help themselves and promote independence.</p>	March 2020	Strategic Commissioner for Early Help	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	
<p>Redesign role of Somerset Direct (SD) to be first point of contact for young people and families and develop talking cafes across Somerset which will both provide advice and guidance, only referring onto the Early Help (EH) Advice Hub if appropriate.</p> <p>Remodel EH Advice Hub as a single multi-agency support and triage point providing support and training for professionals and for families requiring further telephone advice.</p>	March 2020	Strategic Commissioner for Early Help Strategic Manager, Prevention	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	
Improve access to EH systems for both families to be able to self-refer and for early help practitioners across the system to support them in early help work with families.	March 2020	Strategic Commissioner for Early Help	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	

Undertake further development of the current Early Help Assessment (EHA) into a digital form enabling quicker and simplified process for all practitioners.	March 2020	Strategic Commissioner for Early Help	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	
Establish an annual £200k commissioning / grant fund that would initially be focused on mitigating gaps identified by stopping getset level 2. This could be investing in parenting programmes, and consideration to establish a children's version of community connect and community catalyst model (based on successful implementation and learning from adults' commissioners). Any commissioned activity would specifically, but not exclusively aiming to address impacts for young parents, isolation and travel.	April 2019	Strategic Commissioner for Early Help	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	
Develop stronger, collaborative relationships with district councils and other key partners such as health and housing to offer stronger advice and guidance to children and families; thereby delivering a better community development offer.	March 2020	Strategic Commissioner for Early Help	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	
Collaborate with partners and larger voluntary and community sector provision eg Home-start West Somerset, Safe Families for Children, Yeovil4Families, YMCA etc to identify further opportunities and offer one to one case work with families.	March 2020	Strategic Commissioner for Early Help	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	



Strengthen the multi-agency Early Help Area Advisory Boards in each district council area to understand local needs, undertake local audit of provision and identify gaps which will ensure the commissioning /grant fund is spent in the right way and support is getting to children and families who need it.	March 2020	Strategic Commissioner for Early Help	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	
Remodel the Council's level 3 early help services and make both the early help and the edge of care offer clear to all early help professionals to ensure children and families receive the right level of support.	March 2020	Strategic Commissioner for Early Help, Strategic Manager for Prevention	<ul style="list-style-type: none"> <li>• Early Help Strategic Commissioning Board</li> <li>• QPRM Meetings</li> </ul>	
<b>If negative impacts remain, please provide an explanation below.</b>				
Effectiveness of early help interventions across the partnership needs to be closely monitored, as the combined effect of the proposed reductions and mitigating actions is difficult to assess with any accuracy. It is likely that some families will receive reduced support.				
<b>Completed by:</b>	<b>Children's Commissioning Team</b>			
<b>Date</b>	<b>31st January 2019</b>			
<b>Signed off by:</b>	<b>Director of Children's Services</b>			
<b>Date</b>	<b>31<sup>st</sup> January 2019</b>			
<b>Equality Lead/Manager sign off date:</b>				
<b>To be reviewed by: (officer name)</b>				
<b>Review date:</b>				

This page is intentionally left blank

**Appendix 5 – Table to show travel impacts for parenting support groups currently provided by getset**

Area	getset led group	Nearest Alternate Provision (most comparable)	Additional Distance one way (miles)	Accessible via	Route	Frequency
Mendip	Bumps and babes (Street)	Baby and Toddler Group (Radstock)	21	Car/Bus	173, 29 75, 77, 376	90mins
Mendip	Bumps and babes (Frome)	Baby and Toddler Group (Radstock)	8	Car/Bus	184	2 hourly
Mendip	Bumps and babes (Glastonbury)	Baby and Toddler Group (Radstock)	19	Car/Bus  On foot/Car	173 29 75 77 376	90mins
Mendip	Bumps and babes (Shepton Mallet)	Baby and Toddler Group (Radstock)	9	Car/Bus	174	Hourly
Mendip	Messy Play (Various)	Baby and Toddler Group (Radstock)	Various	Various	Various	Various
Mendip	PEEP (Glastonbury)	Nothing comparable				
Mendip	Stay, Play and Learn (Frome) - Tuesday	Baby and Toddler Group (Stoke St Michael)	9	Car/Bus	184	2 hourly
Mendip	Stay, Play and Learn (Frome) - Wednesday	Baby and Toddler Group (Stoke St Michael)	14	Car/Bus	75 77 376	2 hourly
Mendip	Stay, Play and Learn (Glastonbury)	Baby and Toddler Group (Stoke St Michael)	15	Car/Bus	75 77 376	2 hourly
Sedgemoor	Bumps and babes (Bridgwater)	Baby Café (Cannington)	3	Car/Bus	14	hourly
Sedgemoor	Stay, Play and Learn (Highbridge)	East Huntspill Baby & Toddler	4	Car/Bus	21/21A	30mins

Area	getset led group	Nearest Alternate Provision (most comparable)	Additional Distance one way (miles)	Accessible via	Route	Frequency
Sedgemoor	Stay, Play and Learn (Bridgwater Hamp) – Thursday	Holy Trinity Toddlers (Bridgwater)	1	On foot/Car	NA	NA
Sedgemoor	Stay, Play and Learn (Bridgwater Sydenham) - Thursday	Holy Trinity Toddlers (Bridgwater)	2	Car/Bus	21/21A	30mins
South Somerset	Bumps and babes (Chard)	Baby and Toddler Group (Axminster)	8	Car/Bus	30	90mins
South Somerset	Bumps and babes (Yeovil)	Baby Poppins (Yeovil)	2	On foot/Car	NA	NA
South Somerset	PEEP (Chard)	Nothing comparable				
South Somerset	PEEP (Yeovil)	Nothing comparable				
South Somerset	Stay, Play and Learn (Chard)	Baby and Toddler Group (Axminster)	Car/Bus	30	90mins	Car/Bus
South Somerset	Stay, Play and Learn (Yeovil)	Family Play Café (Yeovil)	1	On foot/Car	NA	NA
South Somerset	Stay, Play and Learn (Martock)	Rhyme Time (Martock)	1	On foot/Car	NA	NA
Taunton	Bumps and babes (Priorswood)	Rhyme Time (Taunton)	1	On foot/Car	NA	NA
Taunton	Bumps and babes (Halcon)	Community Stay and Play (Galmington)	3	Car/Bus	21A Hospital bus	30 mins 20mins
Taunton	Bumps and babes (Norton Fitzwarren)	Community Stay and Play (Galmington)	1	On foot/Car	NA	NA
Taunton	getset drop in (Wellington)	Busy Bees Baby and Toddler Group (Wellington)	1	On foot/Car	NA	NA

Area	getset led group	Nearest Alternate Provision (most comparable)	Additional Distance one way (miles)	Accessible via	Route	Frequency
Taunton	PEEP (Halcon)	Nothing comparable				
Taunton	Stay, Play and Learn (Halcon)	Community Stay and Play (Galmington)	3	Car/Bus	21A Hospital bus	30 mins 20 mins
Taunton	Stay, Play and Learn (Wellington)	Toddler group (Wellington)	1	On foot/Car	NA	NA
Taunton	Stay, Play and Learn (Wiveliscombe)	Parent and Toddler Group (Norton Fitzwarren)	9	Car/Bus	25	2 hourly
Taunton	Stay, Play and Learn (Priorswood)	Community Stay and Play (Galmington)	4	Car/Bus	2	hourly
West Somerset	PEEP (Watchet)	Nothing comparable				
West Somerset	Stay, Play and Learn (Williton)	Baby & Toddler Group (Minehead)	9	Car/Bus	28	30mins
West Somerset	Stay, Play and Learn (Watchet)	Parent Café (Watchet)	1	On foot/Car	NA	NA
West Somerset	Stay, Play and Learn (Minehead)	Baby and Toddler Group (Minehead)	1	On foot/Car	NA	NA

This page is intentionally left blank