

Cabinet

Wednesday 13 November 2019

11.00 am JMR, The Deane House,
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
- 5 November 2019

For further information about the meeting, please contact Michael Bryant or Scott Wooldridge or 01823 357628 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



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AGENDA

Item Cabinet - 11.00 am Wednesday 13 November 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 25th September 2019** (Pages 7 - 12)

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 **Corporate Performance Report - Quarter 2 2019/20** (Pages 13 - 54)

To consider this report

6 **2019/20 Revenue Budget Monitoring - Quarter 2 (Month 6) Report** (Pages 55 - 88)

To consider this report

7 **2019/20 Capital Budget Monitoring - Quarter 2 (Month 6) Report** (Pages 89 - 112)

8 **Treasury Management 2019/20 mid-year Report** (Pages 113 - 130)

To consider this report

9 **Heart of the South West Joint Committee - Governance Arrangements and Budgetary Position** (Pages 131 - 142)

To consider this report

10 **Any other urgent items of business**

The Chair may raise any items of urgent business.

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 the Committee Administrator on 01823 357628 or democraticservices@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 committee or board 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 the Committee Administrator.

3 Members’ Code of Conduct Requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members’ Code of Conduct and the underpinning Principles of Public Life: HONESTY; INTEGRITY; SELFLESSNESS; OBJECTIVITY; ACCOUNTABILITY; OPENNESS; LEADERSHIP. The Code of Conduct can be viewed at: <http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/>

Public Question Time

4

At the Chair’s invitation you may ask questions and/or make statements or comments about **any matter on the Committees / Boards agenda**. You may also present a petition on any matter within the Committee / Boards 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 the Committee Administrator by 5.00pm three clear working days before the meeting. You can send an email to democraticservices@somerset.gov.uk or send post to Democratic Services, County Hall, Taunton, TA1 4DY.

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

The Monitoring Officer has the discretion to reject any question /statement/petition that is not in accordance with Council policy.

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

5 **Hearing Aid Loop System**

To assist hearing aid users, the meeting 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.

6 **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.

7 **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>.

8 **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 committee/board goes into Private Session.

9 **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.

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THE CABINET

Minutes of a Meeting of the Cabinet held in the meeting room, Taunton Library, on Wednesday 25th September 2019 at 10.00am.

PRESENT

Cllr D Fothergill (in the Chair)

Cllr M Chilcott

Cllr D Hall

Cllr D Huxtable

Cllr C Lawrence

Cllr F Nicholson

Cllr F Purbrick

Cllr J Woodman

Junior Cabinet members:

Cllr G Fraschini

Cllr M Pullin

Other Members present: Cllr S Coles, Cllr A Groskop, Cllr L Leyshon, Cllr A Wedderkopp

Apologies for absence: None

226 **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 J Woodman – Sedgemoor District Council

227 **Minutes of the meeting of the Cabinet held on 25th September 2019** - agenda item 3

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

228 **Public Question Time (PQT)** – agenda item 4

The Leader of the Council, Cllr David Fothergill, noted that no public questions had been submitted.

229 **Joint Strategic Needs Assessment** – agenda item 5

The Cabinet Member for Public Health and Wellbeing, Cllr Christine Lawrence, introduced the report, noting: the importance of this work; the importance of working collaboratively; helping to reduce inequality; and the

work of the Health and Wellbeing Board.

The Director of Public Health, Trudi Grant, and the Service Manager – Public Health, Pip Tucker, added to the points raised by Cllr Lawrence, noting: the Somerset Intelligence website; the importance of data integration; that one quarter of primary aged children are overweight; that one quarter of primary aged children have decayed or missing teeth; and that an information governance panel was planned.

The Associate Director Business Strategy, Allison Nation, presented a number of slides regarding the Somerset Integrated Digital eRecord (SIDeR) Programme, highlighting: it was hoped the programme would include the Fire and Rescue Service and care homes; and the importance of shared care records.

The Cabinet proceeded to debate the report and invited comments from other members present. Points raised included: the potential to expand the programme on a national level; digitalisation and records; the negative public perception of information sharing; ensuring data sharing delivers results; the out of hours service; and consideration of the importance of GDPR.

The Associate Director - Somerset CCG, Allison Nation, responded to the points raised, noting: the programme had not been adopted on a national scale; how the move to digital records would take some time to complete; the involvement of relevant groups including parent carer forums; and working on a regional level.

The Leader of the Council, Cllr David Fothergill noted the fundamental importance of this work, and highlighted the recommendations as detailed in the report.

Following consideration of the officer report and discussion the Cabinet approved:

1. 'Somerset: Our County' Joint Strategic Needs Assessment 2019 - Data Integration.

2. The responsibility for managing and balancing the risks associated with data integration being taken on by the Health and Wellbeing Board in setting up the Information Governance Panel.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

230 **Quarter 1 + 1 Performance Report** - agenda item 6

The Leader of the Council, Cllr David Fothergill introduced the report and highlighted the improved performance across the Council and further noted there were some areas where further improvement was required.

The Director of Corporate Affairs, Simon Clifford highlighted that not all service measures include a direction of travel indicator, and that indicators are continually being updated.

The Cabinet proceeded to debate the report and invited comments from other members present. Points raised included: flu immunisation; visiting the Council's Contact Centre; the importance of businesses moving on from innovation centres; delayed transfers of care; and if the location of Energy and Innovation Centres was influenced by broadband availability

The Director of Public Health, Trudi Grant, the Cabinet Member for Adult Social Care, the Director of Commissioning and Lead Commissioner for Economic and Community Infrastructure responded to the points raised, noting: flu causes significant demand on the health service; flu immunisation rates; care staff working on zero-hour contracts and choosing not to work during school holidays; that centres were located where the market had demonstrated they were required, and where there was supply chain demand.

The Cabinet received a presentation on Energy and Innovation Centres from The Cabinet Member for Economic Development, Planning and Community Infrastructure, points raised included: the importance of working with business located in the Centres; and recognition that the Hinkley Point C build is time limited.

Following consideration of the officer report and discussion the Cabinet:

1. Considered and commented on the information contained within this report.

2. Considered the proposed management actions already in place are adequate to improve performance to the desired level.

3. Agreed this report and any appendices as the latest position for Somerset County Council against its Council Vision.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

231 **Month 4 (Q1+1) Revenue Budget Monitoring** – agenda item 7

The Cabinet Member for Resources, Cllr Mandy Chilcott introduced the report, noting: seasonal demands and resultant impacts on the Council's budgets; the current balanced budget position; the £6m contingency balance and how this will be used to enhance the Council's longer term resilience if not called upon; government spending announcements are for a single year; and how uncertainty remains beyond the current additional funding.

The Strategic Finance Manager – Corporate and Deputy S151 Officer, Elizabeth Watkin added to the points raised by Cllr Chilcott, noting: the increase in savings delivery; and that the provisional government financial settlement was not expected until late Autumn.

The Cabinet proceeded to debate the report and invited comments from other members present. Points raised included: the £290k loss attributed to Dillington House, and associated management actions; and the potential for other upper tier Councils to approach SCC for financial advice.

The Cabinet Member for Education and Council Transformation responded, noting: work to reduce the Dillington House overspend, and that Dillington House did not fit comfortably with the rest of the Council; and that SCC was working with other Councils regarding the value for money shown in the new School Build Programme.

The Leader of the Council, Cllr David Fothergill noted that Dillington House is a legacy asset, but the Council needs to ensure it is financially sustainable. Cllr Fothergill proceeded to highlight the recommendations as detailed in the officer report.

Following consideration of the officer report and discussion the Cabinet:

1. Approved the transfer of £0.175m of Corporate Contingency to allocate the grant funding for Brexit to a specific Brexit budget within Economy Community and Infrastructure (section 4.7).

2. Noted the forecast balanced budget position for the end of 2019/20

3. Noted that £6.033m of the corporate contingency remains unallocated if the above recommendation is approved and this is expected to increase as management actions on service variances are confirmed

4. Noted the delivery of £16.990m savings by Month 4 and the forecast delivery of £21.485m by the year end of the total target of £21.547m.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report.

232 **Month 4 Capital Budget Monitoring**

The Cabinet Member for Resources, Cllr Mandy Chilcott introduced the report, noting: the £730m of schemes included in previous budgets; £134m of expenditure was added in February 2019; the programme was currently £1.355m underspent as some schemes had been delivered at a lower cost than were anticipated; strengthening the Somerset economy; and new road developments.

The Strategic Finance Manager – Corporate and Deputy S151 Officer, Elizabeth Watkin highlighted the differing funding sources for the Capital Programme.

The Cabinet proceeded to debate the report and invited comments from other members present. Points raised included: the increased costs for some new school developments; changing demand for school places; and borrowing to fund developments.

The Lead Commissioner for Economic and Community Infrastructure Highlighted: that both archaeology and ground conditions had played a part in the increased school build costs; and that S106 contributions, whilst due at certain completion points can be re-negotiated by developers.

The Strategic Finance Manager – Corporate and Deputy S151 Officer, Elizabeth Watkin noted the importance of managing the Council's cash flow to ensure financial needs can be met.

The Leader of the Council, Cllr David Fothergill highlighted the recommendations as detailed in the officer report.

Following consideration of the officer report and discussion the Cabinet noted the contents of this report.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

233 **Any other business** – agenda item 8

There was no other business.

(The meeting ended at 11.28am)

CHAIR

Somerset County Council

Cabinet

13th November 2019

Corporate Performance Report – Quarter 2 - 2019/20

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: James Hadley, Corporate Planning and Performance Manager

Contact Details: (01823) 359725 JHadley@somerset.gov.uk

Report Sign Off:	Seen by:	Name	Date
	Monitoring Officer	Scott Wooldridge	04/11/2019
	Corporate Finance	Sheila Collins	04/11/2019
	Human Resources	Chris Squire	04/11/2019
	Adults Services	Mel Lock	04/11/2019
	Children’s Services	Julian Wooster	04/11/2019
	ECI Services	Paula Hewitt	04/11/2019
	Public Health	Trudi Grant	04/11/2019
	Corporate Affairs	Simon Clifford	04/11/2019
	Local Member(s)	N/A	
Cabinet Member	Cllr David Fothergill	04/11/2019	
Informed:	Opposition Spokesperson(s)	Cllr Jane Lock Cllr Liz Leyshon	05/11/2019
	Relevant Scrutiny Chair(s)	Cllr Anna Groskop Cllr Hazel Prior-Sankey Cllr Leigh Redman	05/11/2019
Forward Plan Reference:	Forward Plan reference: FP/19/05/10 Notice of proposed decision first published 28 th May 2019		
Summary:	<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 the Senior Leadership Team.</p> <p>This report consists of 38 performance indicators, including 4 indicators being reported on for the first time, these are:</p> <ul style="list-style-type: none"> • Volunteering Enquiries • Emotional Health and Wellbeing of Children • Improve Outcomes for Vulnerable Learners 		

	<ul style="list-style-type: none"> • Driving More Effective Customer Interactions Through the use of Digital Technologies <p>This report provides the latest information available in the period up until 30th September 2019. 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>
Recommendations:	<p>Cabinet is asked to:</p> <ol style="list-style-type: none"> 1. Consider and comment on the information contained within this report. 2. Where performance issues are highlighted, Cabinet should consider whether the proposed management actions already in place are adequate to improve performance to the desired level. If the Cabinet are of the view that the actions are not adequate, then Cabinet should indicate what further actions are required to ensure performance is improved. 3. Subject to any amendments agreed under the above points, to agree this report and any appendices as the latest position for Somerset County Council against its Council Vision.
Reasons for Recommendations:	To ensure effective monitoring and management of the performance of the Council towards the outcomes laid out in the Council's Business Plan.
Links to Priorities and Impact on Service Plans:	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.
Consultations undertaken:	Key messages have been approved by Directors, Lead Commissioners and Cabinet Lead Members.
Financial Implications:	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.

Legal Implications:	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.					
HR Implications:	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.					
Risk Implications:	The performance highlighted in this report can impact on one or more of the Council risks as detailed in the Council's Risk Report.					
	Likelihood	N/A	Impact	N/A	Risk Score	N/A
Other Implications (including due regard implications):	If addressing performance issues requires changes in the way services are delivered, these must be supported by an appropriate impact assessment which will need to be duly considered by decision makers in line with our statutory responsibilities before any changes are implemented.					
Scrutiny comments / recommendation (if any):	Not applicable					

1. Summary

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 this quarter have been highlighted by the Senior Leadership Team.

Please note that no RAG rating has been given for "Delayed Transfers of Care (DTC) - Delays attributable to Adult Social Care" as the September data is due to be published on 14th of November. - (pg.30)

2.2 Areas of success in this period

2.2.1 **Revenue Budget - Projected Outturn Position for 2019/20** – The Councils current projected outturn position remains balanced at the end of Quarter 2. - (Pg. 7)

- 2.2.2 Completion of Colley Lane in Bridgwater** – The project will complete in Autumn-2019 as planned - *(Pg. 10)*
- 2.2.3 Climate Change Strategy** – Progress continues. Draft Framework to be presented to SCC Scrutiny Committee in October. Draft Framework document to be presented to SCC Cabinet in November. Consultation on Framework document to commence in November - *(Pg. 15)*
- 2.2.4 Embed an effective multiagency Early Help offer in Somerset** – Funding for Young Carers clubs has been awarded, ensuring all five areas of Somerset have accessible and regular provision.
Young Carers were involved in the evaluation and influenced the final decision with their views. - *(Pg. 18)*
- 2.2.5 Percentage of users using self-directed support** – This measure has jumped from around 91% in quarter 1 to consistently above 94% in Quarter 2. – *(Pg. 29)*
- 2.2.6 Driving more effective customer interactions through the use of digital technologies** - New SCC Website launched and content management strategy being implemented – *(Pg. 34)*

2.3 Areas of concern in this period

- 2.3.1 Connecting Devon and Somerset Phase 2 (part 2)** –
The Connecting Devon and Somerset (CDS) programme continues with its work helping rural communities' access superfast broadband across the region.
CDS has announced the decision to end Gigaclear's five contracts to deliver broadband in Devon and Somerset. CDS and the Government's Building Digital UK (BDUK) have been unable to agree an acceptable recovery plan with Gigaclear.
CDS is commencing a new procurement which is expected to take 12 months.
. – *(Pg. 9)*

- 2.3.2 Delayed Transfers of Care (DTOC)** – The August figure for DTOC's attributable to adult social care peaked at 19.9 hospital days, turning the RAG red. The majority of the delays in Somerset (57%) are within community hospitals, which reflect the common challenge in securing timely and sufficient homecare over school holiday periods. However, the September figure for the whole system "% lost bed days" improved to 2.46% and a similar improvement is anticipated in the hospital days metric.
- (Pg. 30 and 31)
- 2.3.3 Improved Multi Agency Children's Safeguarding** - Neglect continues to feature as an area that is not identified early enough for children – (Pg. 19)
- 2.3.4 Ensure Effective Workforce Capacity is in Place Across Children's Services** - The turnover of front line Social Workers is too high. 23% on average. – (Pg. 25)

3. Background papers are available on request from report author.

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CORPORATE PERFORMANCE CABINET REPORT QUARTER 2 - 2019/20



SOMERSET
County Council



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

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 and create the right conditions for them to thrive and help each other.
- 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 on prevention and 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 the Senior Leadership Team.

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)

For any other information please contact the Planning and Performance Team at Performance@somerset.gov.uk

Key to KPI ratings used

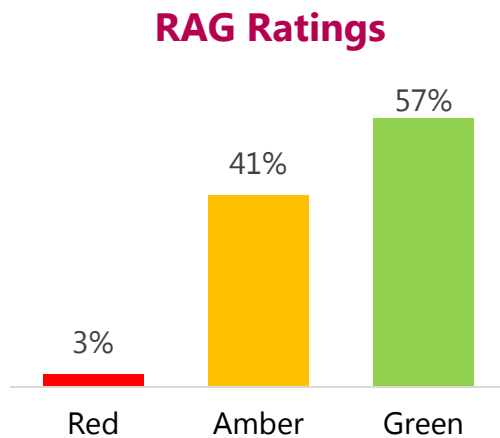
This report includes Key Performance Indicators (KPIs), where progress is assessed against targets and project updates.

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

Performance Ratings	
G	Performance is on or exceeding target. Project is on target.
A	Performance is off target but within tolerance. Project requires attention.
R	Performance is off target and outside tolerance. Project is off target.
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	8	5	1	3	0	0
Safe, vibrant and well-balanced communities able to enjoy and benefit from the natural environment	7	2	0	1	6	0
Fairer life chances and opportunity for all	0	6	0	2	2	1
Improved health and wellbeing and more people living healthy and independent lives for longer	5	2	0	3	0	4
Meeting the Council's challenges: sustainability, quality and focus	1	0	0	0	0	0
TOTAL	21	15	1	9	8	5



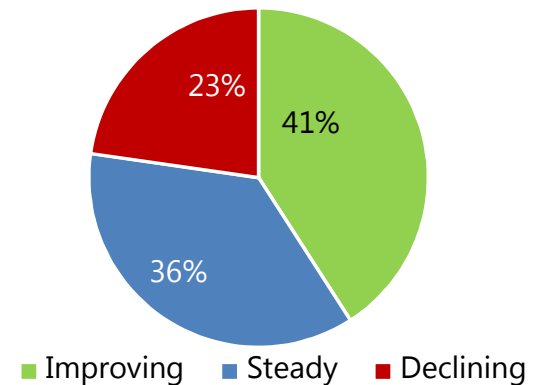
57%
of measures rated as on or exceeding target



41%
of measures rated as improving

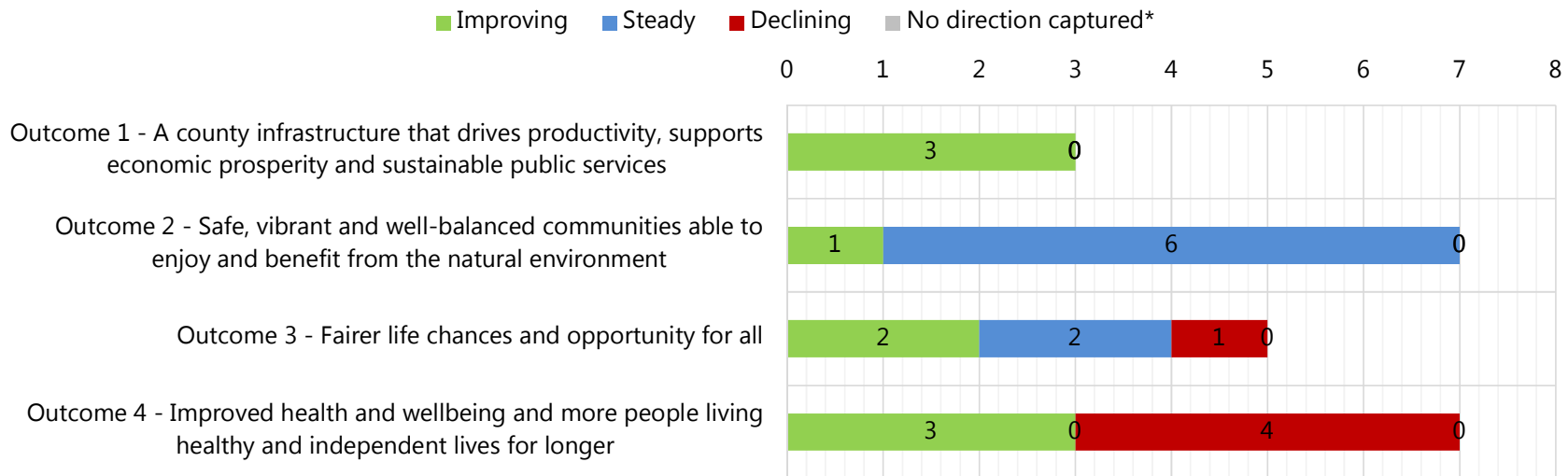
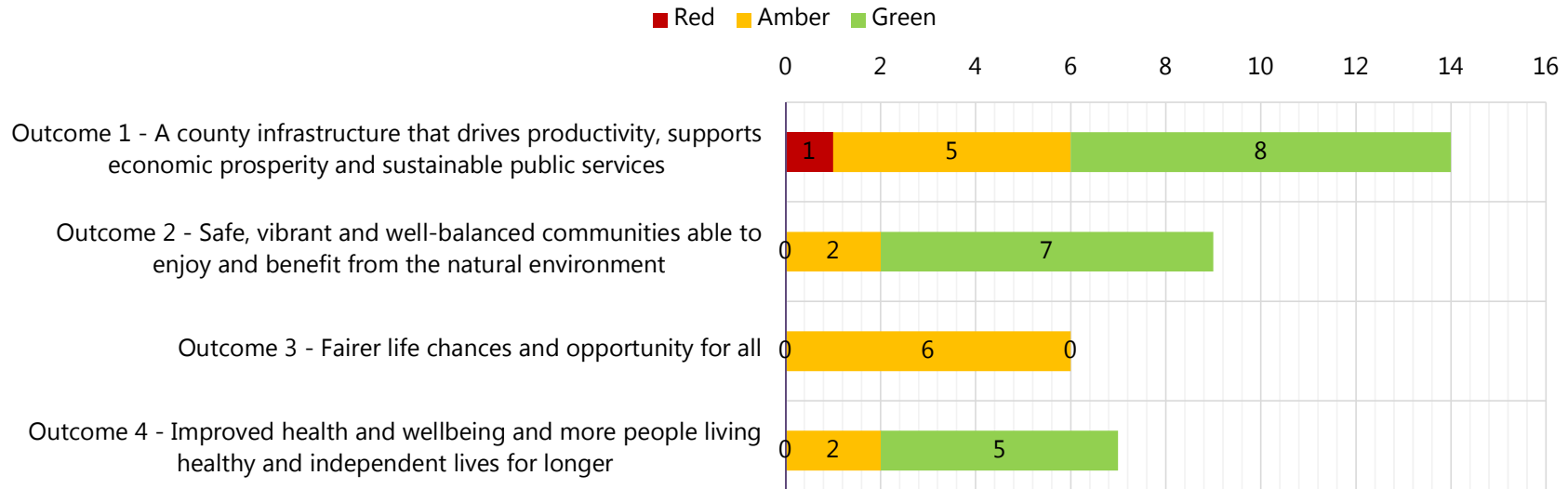


Direction of Performance





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

Summary by Vision Outcomes



*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 2019/20							G	↑	
Q4 17/18	Jul-18	Aug-18	Q2 18/19	Q3 18/19	Q4 18/19	Q1 19/20	Q2 19/20		
R	R	R	R	G	G	G	G	↑	↑
2.18	11.4	3.32	3.158	-1.067	-5.909	0	0		
Overspend	Overspend	Overspend	Overspend	Underspend	Underspend	Balanced	Balanced		
<p>The report shows an overall projected balanced position for the Council, with the main adverse variances being within Children's Services. Management action is underway to mitigate pressures with an aim to end the year within approved budgets. Until these management actions are more fully implemented, these variances are included in the report to Cabinet in November and a proportion of the corporate contingency 'notionally' allocated to off-set the variances. This leaves £6.127m of the Corporate Contingency budget currently unallocated and therefore potentially available to further improve the Council's financial resilience in the medium term. This position is improved from month 5. Although a decision regarding use of the contingency will only be made later in the year once the end of year position is firmer.</p>									
Develop Medium Term Financial Plan 2020 - 2023							G	↑	
<p>The MTFP assumptions have been updated to reflect changes to service pressures, demands, savings and funding. The strategy for factoring in the financial implications of the Spending Round 2019 is being developed and will be reported in the MTFP Strategy paper to December Cabinet. Other planning activities have included: an exercise for budget holders has confirmed their 'confidence levels' of delivery against their financial envelop for the next 3 years (and this will help inform the level of corporate contingency required within the base budget), and; a strategy for the replenishment of earmarked reserves has been developed. An all member Budget Briefing was held in September along with various engagements with other key stakeholder groups. Work is currently focusing upon the 3 year capital programme, the priorities within it and the overall affordability.</p>									

People Strategy

A



Implementation of the People Strategy is proceeding alongside the Improving Lives Programme.

Progress is being made in following areas:

People Attributes

Innovation Champions

Succession Planning

Speaking Up

Leadership Development

Young People's Strategy

Wellbeing Initiatives

Library Service Redesign

G



The future of Somerset's Libraries Service was decided by Cabinet in November 2018:

- 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.
 - 13 libraries have been transferred to community organisations
- 9 of these continue to be staffed by Library Service Staff and 3 by volunteers with IT and stock continuing to be contributed by SCC.



Lot 4 awarded to Airband

Airband has commenced build and is proceeding largely on track. A new Change Request is being proposed by Airband to introduce some fibre delivery into the later stages of the contract. This is going through Building Digital UK assurance.



As previously reported 5 lots were awarded to Gigaclear. Although project mobilisation commenced the collapse of Carillion impacted on mobilisation and Gigaclear fell behind in delivery and failed to achieve milestones. CDS placed Gigaclear on notice of default whilst requiring it to work up an updated plan for delivering on its obligations that was satisfactory to both CDS and Government.




GC undertook some redesign and submitted its proposals at the end of July/ beginning of August 2019. GC delivered a proposal at end of July/ beginning of August. These did not provide an acceptable recovery plan that CDS and BDUK could support with confidence and a decision was taken by the CDS board to terminate all 5 contracts. Notice was served on 12 September terminating all 5 contracts.

Grant funders have been updated on the changes which may be required to the funding profile. Discussions have continued with grant funding partners who have indicated willingness to extend funding timelines, but this is subject to assurance and treasury approval.

Milestones and next steps:

CDS is commencing a new procurement which is expected to take 12 months and needs to conclude with the award of contract(s) before the National Broadband Scheme state aid approval expires in December 2020.

Housing Infrastructure Fund	G	
<p>Our HIF bid for £95.1m was submitted to Homes England on March 22nd. We anticipate a period of clarification starting in June 2019 and lasting for 12 weeks followed by an official announcement of outcome in Autumn 2019. Our bid is for a range of highways, schools, transport and flood control infrastructure in Taunton and Bridgwater that will unlock 10023 new homes and help to deliver further social and economic benefits.</p>		
Completion of Colley Lane in Bridgwater	G	
<p>The project will complete in Autumn-2019 as planned. The majority of the work is focused at Marsh Lane where Completion of the load transfer platforms, retaining walls and embankments to Crossways Bridge are the key activities driving the programme.</p>		

Completion of Junction 25 of the M5	G	
<p>Works are proceeding as planned. The surfacing works to the central reservation of Toneway will be undertaken towards the end of September. The narrow lanes will then be changed into a contraflow at the end of September in preparation for the next phase of work. The piling rig will arrive at the Blackbrook river towards the end of September ready to start piling for the bridge foundations.</p>		
Develop Toneway	A	
<p>The funding contribution to the scheme from the Heart of the South West Local Enterprise Partnership (£6.41m) was granted programme entry in October 2018. The detailed design stage is complete and the project team have been preparing the procurement package, this is anticipated to be issued via the SupplyingTheSouthwest procurement portal in mid October. Construction is anticipated to commence in Spring 2020.</p>		
Highways Maintenance	G	
<p>The Asset Management project within ECI Operations commenced on 18 March 2019. The project focuses on three key outcomes: asset management plans, lifecycle plans and review and implementation of highway and traffic policies. The Project Initiation Document (PID) has been agreed and signed off. The business case to support the organisational structure has been concluded and is now subject to staff consultation. The consultation period started on 30 August 2019 and is due to end on 8 October 2019. A Frequently Asked Questions sheet has been issued to all Highways staff.</p>		
<p><i>A county infrastructure that drives productivity, supports economic prosperity and sustainable public service</i></p>		



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 has been secured in both cases. Grant funding is confirmed and construction has commenced on both centres.

Bruton grant funding agreement has been received and is being considered. Work is ongoing with property services to obtain updated build costs.

An outline grant funding application has been submitted for Phase 1 of a new Enterprise centre in Chard.

Milestones:

- Commencement of build at Wells and Wiveliscombe
- Submission of grant funding application for Chard

Next steps:

- Successful completion of build for Wells and Wiveliscombe.
- Signing grant funding agreement for Bruton
- Commissioning build for Bruton Enterprise Centre
- Continue to develop business case for Chard Enterprise Centre

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

Work is ongoing to progress the procurement of the operator for phase 2 and 3, leading to planned finalisation and publication of the tender during November 2019. In the interim, arrangements have been put in place to promote and manage interest in lettings in advance of the operator being appointed. Construction works commenced on site for SEIC 3 in September 2019 and are scheduled for completion in Summer 2020. The phase 3 development is designed to accommodate a testing and demonstration facility and it is intended that an application will be made to the Magnox socio economic fund to enable some investment in fit out of SEIC 3.

Progress with SEIC work was affected by resource constraints which have now been addressed.

Milestones:

- Endorsement of full Growth Deal business case for SEIC 3 by the Local Enterprise Partnership's Strategic Investment Panel - Completed
- Issuing of ITT for operator procurement - June 2019 (not yet complete and revised target of November 2019)

Next Steps:

- Finalisation of Operator specification, lease and contract for SEIC 2 and 3
- Entering into funding agreement for Growth Deal funds for phase 3
- Magnox application for funding towards fit out of SEIC 3

iAero Centre**A**

Project/Programme Update (latest position):

The Agreement for Lease, enabling construction of the Centre ahead of the commencement of the term of the full Lease Agreement, is now established with Leonardo Helicopters . Subject to SCC formally entering into a funding agreement for Growth Deal monies, funding is now formally in place from the European Regional Development Fund (ERDF), the Local Enterprise Partnership's (LEP's) Growth Deal and SCC for the build of the Centre. Construction work commenced on site in July 2019 and was marked by a photo call and press release in August 2019. Pre-procurement work has commenced to inform SCC's commissioning of an operator to manage the Centre and to provide support to businesses, with the invitation to tender expected to be issued by end of March 2020.

Progress with iAero work was affected by resource constraints which have now been addressed.

Milestones:

- Signing of ERDF funding agreement - complete
- Enter into Growth Deal 3 funding agreement - October 2019
- Agreement for Lease (to enable construction) - complete
- Construction of centre - commenced July 2019 and on programme to complete June 2020
- Final draft of the Lease Agreement will be agreed with the Agreement for Lease but will not be entered into until the completion of the construction of the Centre - Expected July 2020

Next Steps:

- Conclude Growth Deal funding agreement
- Plan and action operator procurement process

County Hall A Block accommodation project**G**

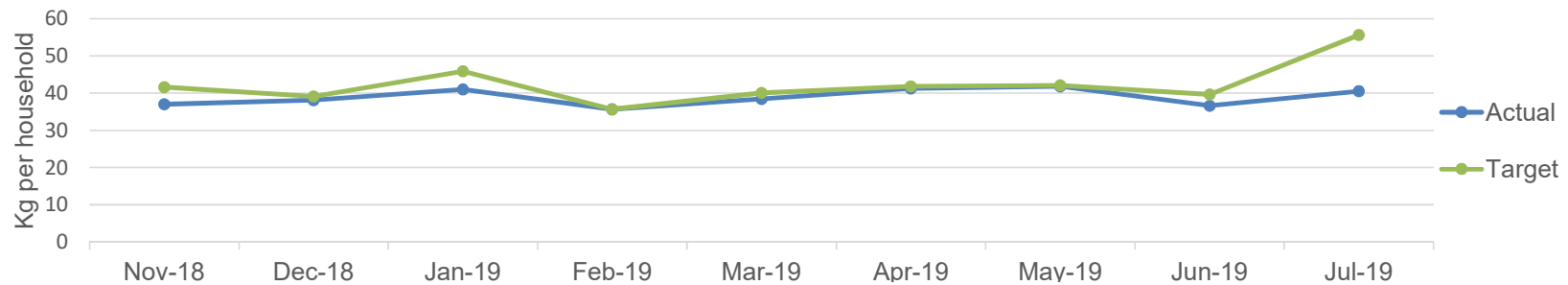
Work continues on site, discussions are currently underway with the contractor around some emerging issues.

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.



Climate Change Strategy

G



Project/Programme Update (latest position):



- Memorandum of Understanding under discussion with Exeter University to provide a framework for future collaboration
- Work on Scope of strategy has commenced
- T&F Group inducted 4/9/19
- PFH Group inducted 4/9/19
- Workstream leads actions commenced

Milestones:

- T&F group to meet to review initial strategy scope by Autumn 2019 - date set for 4th September 2019
- Draft Framework to be presented to SCC Scrutiny Committee in October
- Draft Framework document to be presented to SCC Cabinet in November
- Consultation on Framework document to commence in November

Next Steps: (i.e. what's happening over the next month or so)

- Draft Framework to be presented to SCC Scrutiny Committee in October
- Draft Framework to be presented to SCC Cabinet in November
- Next meeting of the T&F Group 22nd September
- Consultation on draft Framework document to commence in November

Volunteering Enquiries										G	↑	
Activity	Increase the effectiveness of the voluntary, community and social enterprise sector, by supporting a greater role for the Voluntary,											
Description	Number of volunteering enquires to SCC.											
Polarity	Higher is better	Target	25 Per Month			Scorecard	Public Health					
-	-	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19					
			27	35	30	28	35					
			G	↑	G	↑	G	↓	G	↓	G	↑
Commentary and actions to be taken												
<p>Central Volunteer Team is now established and we are working to join up SCC's approach to volunteering and to develop new volunteer opportunities. Information regarding SCC's volunteer roles can be accessed via https://volunteering.somerset.gov.uk/</p> <p>* The number of enquiries reported will not reflect enquiries which have been received directly by services but we are working with services to improve how volunteer information is tracked and recorded.</p> <p>Please note: Data and targets for this measure represent the position at the start of the month. This has been revised from previous reports where it represented the end of the month.</p>												
Adoption of neighbourhood approach to improve lives										G	→	
<p>The Improving Lives in Neighbourhoods Group has been established to oversee this work. The group has expanded on the workshop feedback from the Health and Wellbeing Board to develop workstreams to achieve neighbourhoods transformation over the next two years. These workstreams will be supported by task and finish groups with key deliverables. This work links across to the established PCNs and work is developing the multi-disciplinary Neighbourhoods teams and the emerging social prescribing model for Somerset.</p>												
Safe, vibrant and well-balanced communities able to enjoy and benefit from the natural environment												Page 16

Missing And Vulnerable to Exploitation (MAVE) approach

G



Set up in response to increasing concerns over the links between missing episodes, children and young adults vulnerable to exploitation and serious violence, MAVE panels are now being rolled out across the County after a successful pilot in Mendip.

In addition to the timeline for roll out being on track, SCC has also been successful in obtaining additional funding for the Sedgemoor MAVE through the Serious and Organised Crime Community Coordinator, and funding for the other 3 MAVEs via the Violence reduction funds, equating to £5,000 each to utilise on supporting individuals and families when needed most.

Flu action plan progress

G



A multifaceted flu action plan has been put into place. We are focussing on three key priorities, at risk under 65s, care homes and staff vaccination. We have a strong communication plan. We are also emphasising cross organisational co-operation and a system wide approach to common goals. We are anticipating vaccine to be distributed through the healthcare system in early October. We are coming off the back of a particularly early flu season in the southern hemisphere which makes it imperative that we encourage early vaccination.

There have been some system set backs with delays in vaccination delivery from one of the key suppliers of the under 65s vaccines. This has led to some GP clinic cancellations and is an on-going issue.

Key SCC activity in past month:

Launch of IVR messaging on Somerset Direct call queue system: should reach about 6000 callers per month, public and professionals

Launch of SCC Occupational flu offer including webpages on www.somerset.gov.uk/flu

Launch of public facing webpages on www.healthysomerset.co.uk/flu

Presentations to key personnel, village agents, LD providers, care home providers



Areas of Success/ What is working well

- An event was held for Early Help leaders across Somerset, where partners shared challenges and opportunities, creating new connections across different agencies.
- The Early Help Assessment has been shortened, adjusted to clearly identify SEND, and re-launched as part of a month-long campaign on Early Help. This has received positive feedback from our partners.
- Funding for Young Carers clubs has been awarded, ensuring all five areas of Somerset have accessible and regular provision. Young Carers were involved in the evaluation and influenced the final decision with their views.
- Working Together training continues to be well-attended and to receive positive evaluation. This training supports staff across partner agencies to have a common understanding of identification of need, and actions to take.

Areas of Concern/ What are you worried about

- The Early Help Strategy for 2020 onwards will be co-produced with children, young people and families. Co-production with a broad range of people will be challenging, and we will need partners to be active in supporting this work.

Focus on for next quarter/ What needs to happen

- Early Help Board to be strengthened with a voluntary sector representative, and a focus on co-producing the next Early Help Strategy
- The Early Help Fund to be launched with funding allocated in the third sector.



Areas of Success/What is Working Well:

The new Executive, comprised of the three key safeguarding partners (SCC, CCG and police) is working well, and has agreed to the recruitment of an Independent Scrutineer post to provide high-level assurance of the safeguarding children arrangements in Somerset, which has now been advertised.

Regional multi-agency scrutiny arrangements are also under development, led by Avon & Somerset Constabulary, and are beginning to identify a pool of peer scrutineers to work across the region. Areas emerging for regional scrutiny across Somerset include: intrafamilial sexual abuse; chronic neglect; child exploitation; children's emotional and mental health.

The first Somerset Safeguarding Children Partnership (September 2019) was well-attended by agencies with responsibilities for promoting wellbeing and safeguarding under Section 11 of The Children Act, with some positive actions emerging as to how to improve practice around identifying chronic neglect and working with young, vulnerable parents in the pre-birth period.

Areas of Concern/ What are you worried about:

Neglect continues to feature as an area that is not identified early enough for children, and very young children continue to suffer harm . In addition, intrafamilial sexual abuse is emerging as an area for focus across the partnership, and there is more to do to embed the pre-birth protocol to safeguard very young children of vulnerable parents.

Focus for next Quarter/ What needs to happen:

The multi-agency Business Plan needs to be signed off with its four continued areas of focus:

- Early help
- Multi-agency safeguarding
- Child Exploitation
- Neglect (especially in children aged under 5)

Focus for the Somerset Safeguarding Children Partnership will be on the continued embedding of learning around identification and action on pre-birth vulnerabilities, neglect, high-quality staff supervision and multi-agency information sharing.

The appointment of an Independent Scrutineer for quality assurance of the functioning of the partnership (winter 2019) will also be a key priority for the partners.



Areas of Success/ What is working well:

We continue to work closely with our young people's council (SICC and SLCC) to ensure that the voice of our children and young people is heard and drives our service improvement and delivery. In particular we have responded to concerns raised in respect of language we use around children spending time with their families. We have revised all paperwork and processes to ensure we promote family time rather than the use of the word contact.

The Emotional Health and Well-being team provide consultation and advice to social workers and leaving care workers which has impacted positively on placement planning and stability.

We continue to focus on ensuring children and young people can live in a family environment wherever possible and whilst we have a small number in residential provision, we continue to work towards finding foster families to link and care for these children or for birth family connections these children can return to.

Social care meets regularly with the Virtual School to ensure that we agree priorities and work together to achieve them. We have recently focussed on children and young people who are not in full time education with a view to working towards all children and young people having access to a full-time offer.

The new named nurse for Looked After Children is working closely with social care around the consistency of health assessment. The Fostering Service is well underway in its transformation, looking at the recruitment and retention of foster carers and the foster care offer in order to meet the needs of our children.

Areas of Concern/ What are you worried about:

Placement sufficiency remains an issue in Somerset, as in does in the South West region. Our focus on careful placement planning and review is crucial to ensure the placements identified can meet need and prevent placement breakdown. This requires a partnership approach.

Focus for next quarter/ What needs to happen:

The revised paperwork and processes for Children Looked After is being launched imminently which will focus on one plan, capturing the child's voice in their journey and the removal of unnecessary repetition.

In line with the social care Service Plan, we will continue to work on supporting and improving connection with families, promoting creative family time and reunification of children wherever possible to their families in a planned and sustainable way.

The work of the CLA health team has identified the need for more resource to ensure that the health needs of CLA are met appropriately in line with statutory requirements.

Launch of the new Fostering Service communications strategy.

Health Visitor mandated contacts							A	↓	🏆																						
Description	Proportion of all infants receiving a new born visit within 14 days																														
Polarity	Higher is better				Target	90%																									
Q2 2017/18	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	Q1 2019/20																								
84.8%	91.7%	94.9%	92.1%	93.0%	94.0%	89.5%	85.1%																								
A	→	G	↑	G	↑	G	↑	A	↓																						
Commentary and actions to be taken																															
<ul style="list-style-type: none"> • 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. • In Somerset all families are offered a new birth visit following notification of a birth from maternity services. We 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. • There was a delay in maternity services informing the health visiting service of new births during Q1. This resulted in the number of children receiving the review within 14 days falling however the actual proportion receiving a review within the first month is 98%. This communication issue has been resolved and so performance will improve by Q3. 																															
<table border="1"> <caption>Line Chart Data: Proportion of infants receiving a new born visit within 14 days</caption> <thead> <tr> <th>Quarter</th> <th>Proportion (%)</th> </tr> </thead> <tbody> <tr> <td>Q4 16/17</td> <td>79%</td> </tr> <tr> <td>Q1 17/18</td> <td>85%</td> </tr> <tr> <td>Q2 17/18</td> <td>85%</td> </tr> <tr> <td>Q3 17/18</td> <td>92%</td> </tr> <tr> <td>Q4 17/18</td> <td>95%</td> </tr> <tr> <td>Q1 18/19</td> <td>92%</td> </tr> <tr> <td>Q2 18/19</td> <td>93%</td> </tr> <tr> <td>Q3 18/19</td> <td>94%</td> </tr> <tr> <td>Q4 18/19</td> <td>89%</td> </tr> <tr> <td>Q1 19/20</td> <td>85.1%</td> </tr> </tbody> </table>										Quarter	Proportion (%)	Q4 16/17	79%	Q1 17/18	85%	Q2 17/18	85%	Q3 17/18	92%	Q4 17/18	95%	Q1 18/19	92%	Q2 18/19	93%	Q3 18/19	94%	Q4 18/19	89%	Q1 19/20	85.1%
Quarter	Proportion (%)																														
Q4 16/17	79%																														
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Development at 2-2.5 year check

A



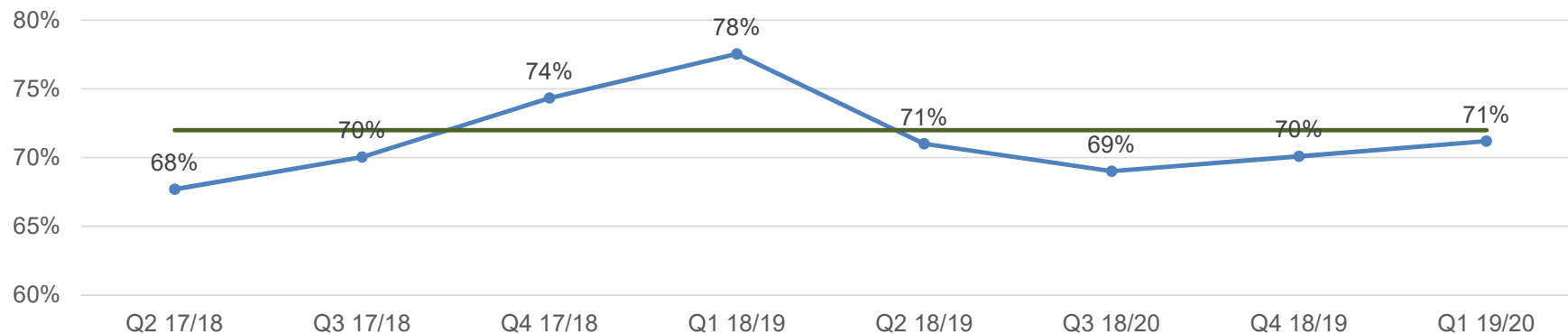
Description Proportion of children at or above an expected level of development of those who have an Age and Stages Questionnaire score at 2-2.5 year review

Polarity Higher is better **Target** >72%

Q2 2017/18	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	Q1 2019/20						
68%	70%	74%	78%	71%	69%	70%	71%						
A	↑	A	↑	G	↑	A	↓	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.
- A focus for the service is on improving the uptake of the 2-year review (currently 94%), recording of ASQ-3 scores (currently 72%) and capturing individual domains of the ASQ-3. The ASQ-3 tool is not used for children with severe special educational needs or disabilities.
- Another area of activity is intervening when delays in child development are identified. This will be done either as a service or in partnership with a nursery.



Emotional health and wellbeing of children

A



Description	Number of schools signed up and delivering the Somerset Wellbeing Framework in 2019/20.												
Polarity	Higher is better												
-	-	-	May-19	Jun-19	Jul-19	Aug-19	Sep-19						
			60	61	63	68	73						
			A	→	A	↑	A	↑	A	↑	A	↑	

Commentary and actions to be taken

Launched in June 2018, the Somerset Wellbeing Framework supports schools to promote resilience and positive wellbeing using the Public Health England eight principles of developing whole school approach to mental health. The programme consists of online wellbeing audit and action planning tools which schools use to assess their capacity and capability to provide a robust universal offer around emotional health. Schools report their progress onto virtual scrapbooks that represent the Pillars of Wellbeing: Belonging, Relationships and Lifestyle.

There were 63 schools engaged in Year 1 and 16 schools achieved a recognition award against the Pillar of Belonging in May 2019.

Children, young people and staff, representing these schools, presented the work they have been doing and the difference it has made at a celebration event in July 2018. This included:

- Improved access to information on how to promote wellbeing
- Safe, nurturing places to go when you feel sad
- Whole school Emotion Coaching training
- Improved staff resilience, reduced sickness
- Regular and better quality RSHE (formerly PSHE)
- Young People Wellbeing Champions
- Increased support and information for parents and carers

We are expecting an increase in numbers as we begin delivering the new Relationships, Sex and Health Education Programme next month.

Data and targets represent the position at the start of the month. This has been revised from previous periods where it represented the end of the month.



Areas of Success:

- New structure now in place which integrates Virtual School and Learning Support Service. This offers additional capacity to focus upon CLA and those with SEND, to target resources for Education Attainment and Progress outcomes. This comprises a team of fifteen Lead Advisory or Advisory Teachers and ten learning support staff.
- All CLA now have a named Advisory Teacher who will oversee their educational provision and attainment in partnership with other agencies. Caseloads have been reduced to enable a greater focus supporting children and young people.
- A targeted training offer is available to schools to support them in meeting the needs of their vulnerable learners (CLA and SEND). This is delivered by the Virtual School and Learning Support Team. The Virtual School also commissions Education Psychologists to deliver targeted programmes. The offer for FE and early years providers is currently being developed.
- Attainment data of Children Looked After (CLA) shows slightly improved results at end of key stage assessments. These are small cohorts, however Key Stage 2 pupils achieving the expected standards has increased from 25% to 31%, and Key Stage 4 from 8% to 16%.

Areas of Concern:

- There remains continued high levels of fixed term and permanent exclusions. The fixed term exclusions are a concern across CLA and SEND. Some schools are permanently excluding children and young people with identified SEND needs.

Focus for next Quarter/ What needs to happen:

- Ongoing development of a 'Governing Body' of the Virtual School to be formed, this will act as the Education Sub-Group of the Corporate Parenting Board.

Ensure effective workforce capacity is in place across Children's Services

A



Areas of Success:

- Locum full time equivalent has dropped by approximately 2 FTE each month over the last 3 months. Currently standing at 20 FTE.
- Annual Health Check report 2019 for Children's Social Care showed improvements in induction for staff joining the service in the last two years. Other key strengths emerging from the survey were; relationships with and support from peers and colleagues, team working, good relationships with managers, flexible working policies. NQSWs in their ASYE continued to rate their learning and development very highly.
- Social Work Degree programme - University of Gloucester/Yeovil College, which commenced in September – 16 starters

Areas of Concern:

- Issues arising related to retention issues. Recruitment is steady, but retention the more significant issue. Proposals are being made in relation to this.
- The turnover of Social Workers is too high. 23% on average for frontline social workers. However, if you look at the Social Worker cohort as a whole, this drops to 17.54%.


Focus for next Quarter/ What needs to happen:

- Development of a more cohesive plan in conjunction with Children's Services to ensure clarity of the journey towards the Family Safeguarding Model. Use this to drive collaboration and behavioural and cultural change.



There is considerable activity underway aimed at developing and embedding a learning culture within Children's Social Care:

1. Review and refresh of the current Quality Assurance Framework, reflecting developments in processes and thinking (Timescale: December 2019)
2. Updated Case File Audit Tool and process (now Practice Evaluation) to reflect a shift from measuring compliance to quality, and a focus on strength based approaches. (Completed and now in use.)
3. Updated Team Diagnostic Process to reflect a strengths based approach and learn from feedback received via Diagnostic Leads (Completed July 2019)
4. Development and implementation of a service wide systematic approach to recording feedback from children and families, to better inform service provision and development with their views (Launched August 2019)
5. Development of a Practice Framework for CSC, outlining the theoretical and practice tools which inform high quality social work practice in Somerset (Completed: to be launched in October 2019)
6. Simplification of complaints codes recording to enable more effective analysis of feedback trends (Completed – August 2019)
7. Participation in the ADCS Peer Challenge, with Bristol City Council, to seek independent peer oversight of quality of practice (Completed June 2019)
8. Development of a Multi-Agency Practice Evaluation (MAPE) based on appreciative enquiry techniques (Launched July 2019)

Breastfeeding continuation													G	↓		
Description	Percentage of all infants due a 6-8 week check by a health visitor that are totally or partially breastfed.															
Polarity	Higher better	Target	>53%													
Q2 2017/18	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	Q1 2019/20									
51.38%	51.95%	49.37%	50.28%	49.70%	51.25%	55.00%	53.50%									
A	↑	A	↑	G	↓	G	↑	A	↓	G	↑	G	↑	G	↓	
Commentary and actions to be taken																
<ul style="list-style-type: none"> 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 2018/19 was 52.9% above target and compared with a reported England average for the previous year of 42.7%. The target has been increased from 50% to 53% in 2019/20 due to improved performance. 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. Anecdotally breastfeeding rates among young parents are increasing. It is thought this is due to the roll out of the sling library scheme. 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. 																

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

A



Description Data provided by Care Quality Commission (CQC) showing the proportion of provisions rated Good or Outstanding

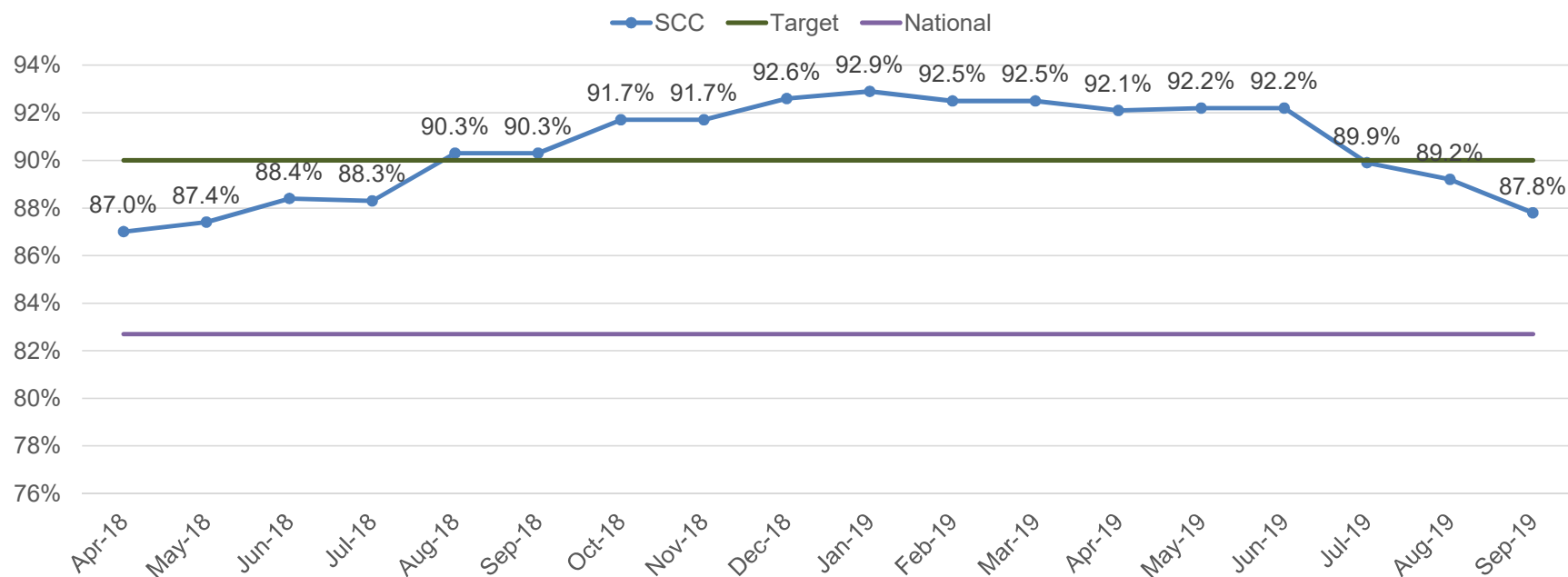
Benchmarking Somerset's March '18 position was 87.5%. National comparator figure is 82.7%

Polarity Higher is better **Target** 90%

Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
92.50%	92.50%	92.10%	92.20%	92.20%	89.90%	89.20%	87.80%
G ↓	G →	G ↓	G ↑	G →	G ↓	G ↓	A ↓

Commentary and actions to be taken

The proportion of good or better CQC rated settings in Somerset continues to exceed the national average (84%). However there has been a recent decline. It should be noted that 1 of the 2 inadequate settings has now closed but is still listed on published CQC data which skews figures. Trends were explored at meeting with CQC on 20 September.



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

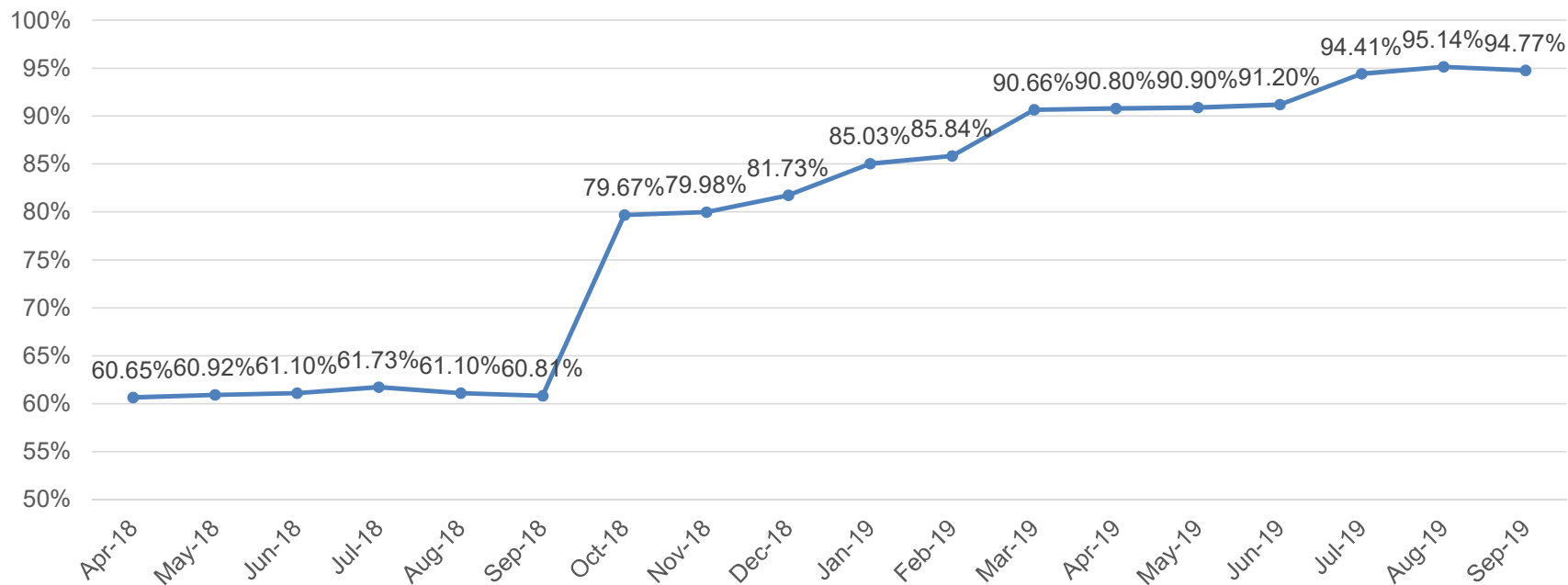
G



Description	National ASCOF measure which records the proportion of eligible people in receipt of either a personal budget or a direct payment						
Benchmarking	National Average is 89.7% and regional average is 89.6%				Polarity	Higher is better	
Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
85.84%	90.66%	90.77%	90.92%	91.20%	94.41%	95.14%	94.77%
G	↑	G	↑	A	↑	A	↑
G	↑	G	↑	G	↑	G	↑
G	↑	G	↑	G	↑	G	↓

Commentary and actions to be taken

Self-directed Support continues to be in line with the target of 95%.



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

N/A

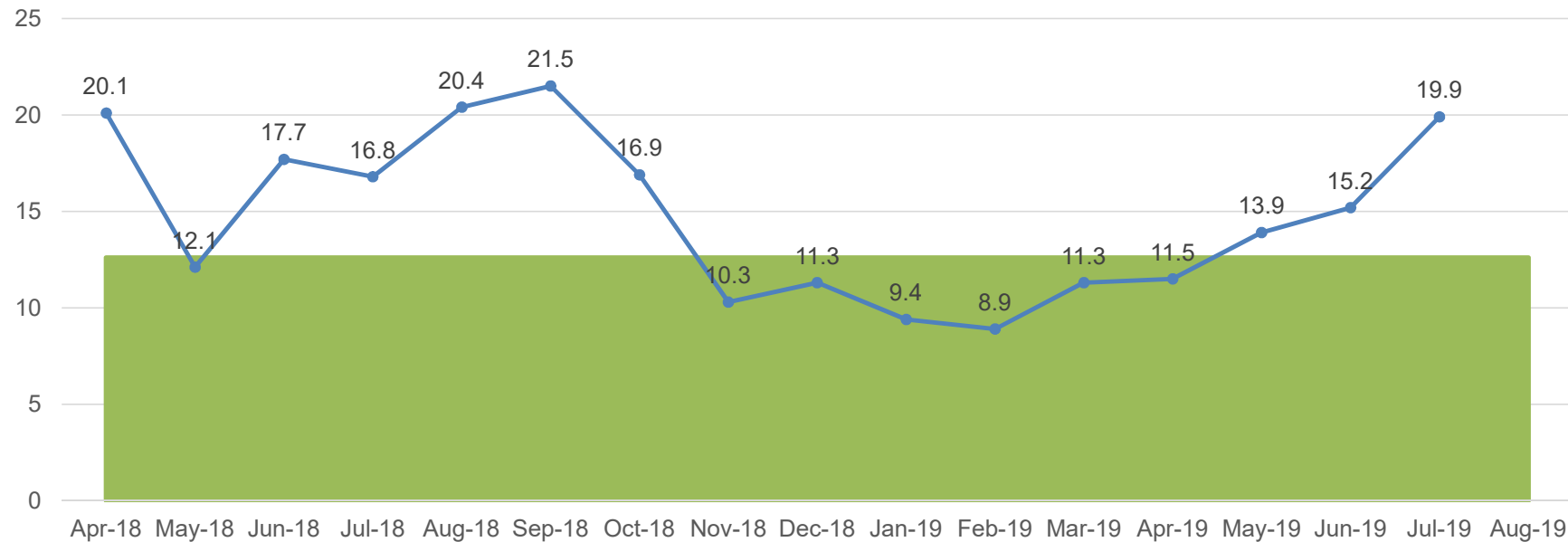


Description	The number of delayed hospital days per calendar day that are attributable to Adult Social Care.						
Polarity	Lower is better			Target	12.16		
Apr-19	May-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
11.5	13.9	11.5	13.9	15.2	17.6	19.9	TBC
G ↓	G ↓	G ↑	G ↓	A ↓	A ↓	R ↓	N/A

Supply of Domiciliary care in some areas of Somerset remains an issue we are working with the market to test a new model in Nov/Dec.

The DTOC target is 2.5%. In September 2019 we were within target at 2.46%. In August, 38% of DTOC delays were awaiting a care package in their own home (national figure 22%). The majority of the delays in Somerset (57%) are within community hospitals, which reflect the recent challenges in securing timely and sufficient homecare over recent months.

Note: September data for Delayed Transfers of Care attributable to Adult Social Care is due to be published 14 Nov

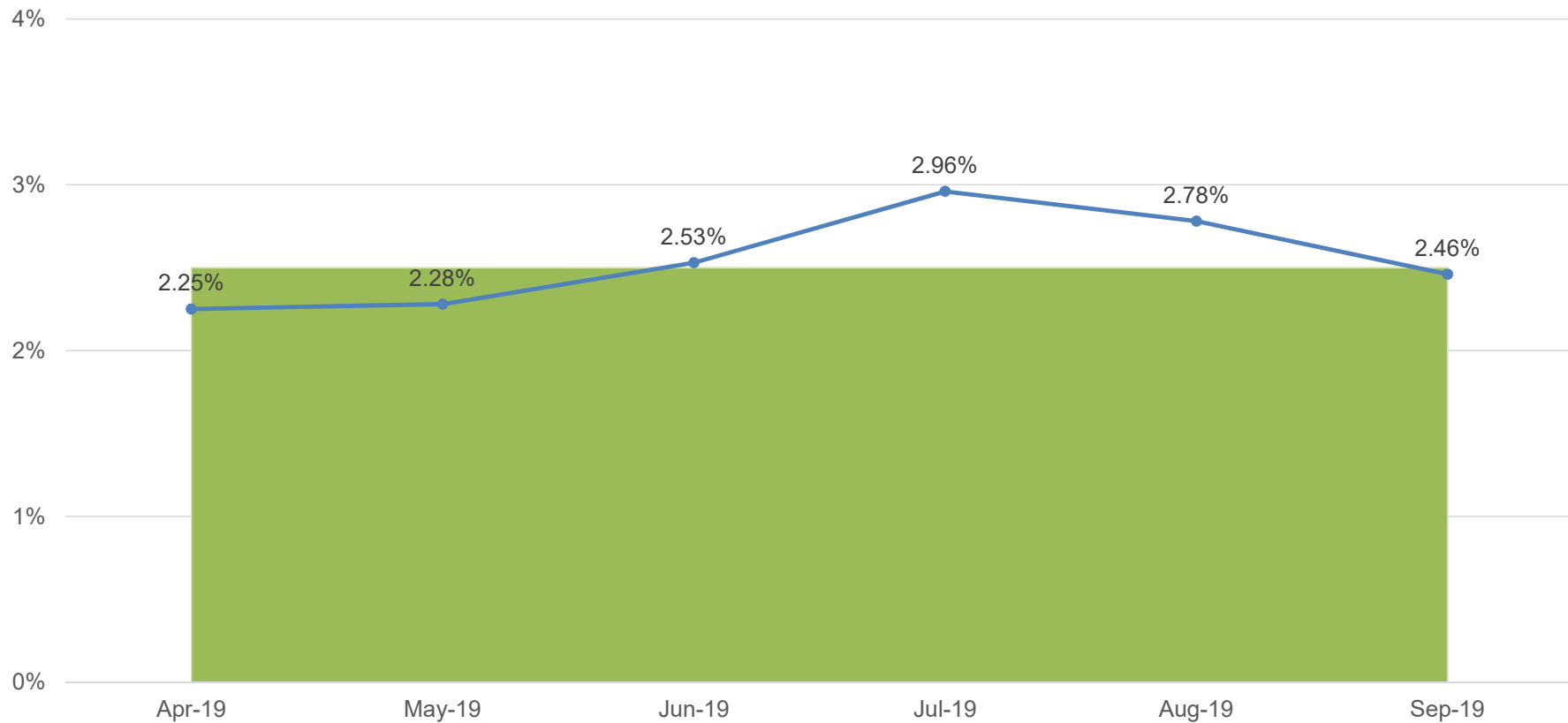


Delayed Transfers Of Care (DTOC) - Whole System (% of lost bed days per day)

G



Description	The proportion of the total available 'bed stock' that was unavailable due to delays												
Benchmarking	Outturn figure for March '18 was 3.02%												
Polarity	Lower is better						Target	2.5%					
-	-	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19						
-	-	2.25%	2.28%	2.53%	2.96%	2.78%	2.46%						
		G	G	↓	G	↓	A	↓	A	↓	G	↑	



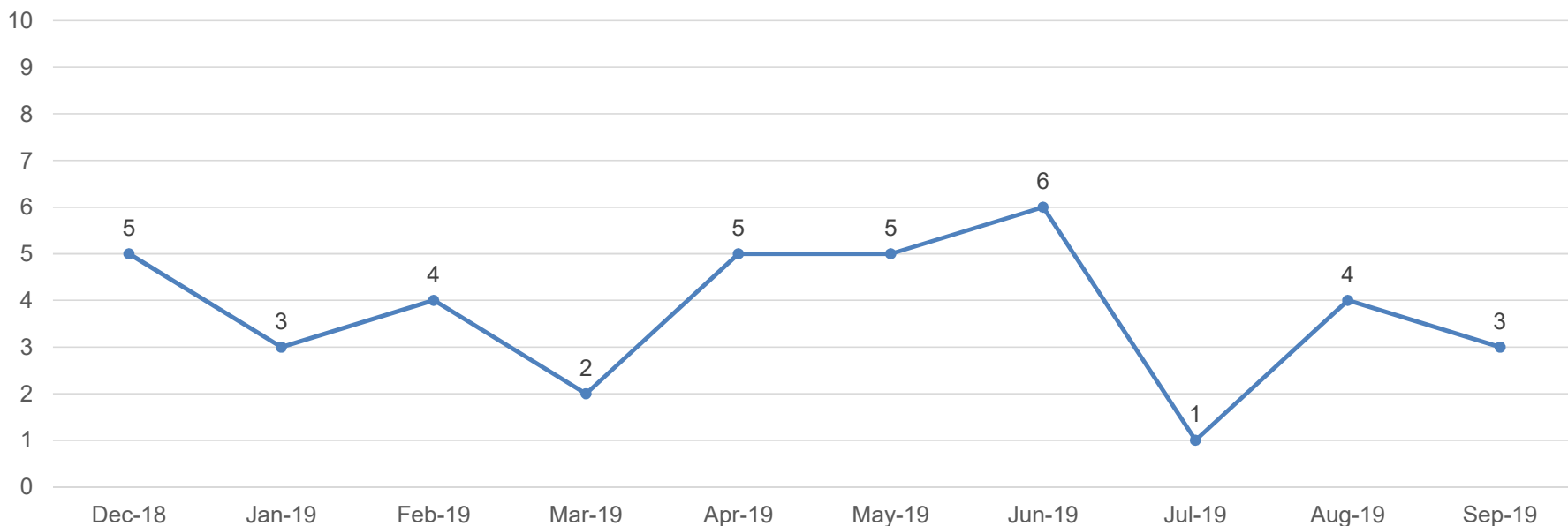
No of new placements in Residential and Nursing Care in month (18-65)

A



Description	The number of permanent placements of younger adults (aged 18-64) in Residential and Nursing care.														
Benchmarking	Somerset's 17/18 outturn was 18.7 placements per 100,000 population. National average for 17/18 was 14 placements per 100,000 population.														
Polarity	Lower is better							Target	10 per 100,000						
Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19								
4	2	5	5	6	1	4	3								
A	↓	A	↑	R	↓	R	→	R	↓	A	↑	A	↓	A	↑

Commentary and actions to be taken
New placements (permanent and temporary) into residential and nursing care are being closely tracked and monitored by the Adults Placement Board

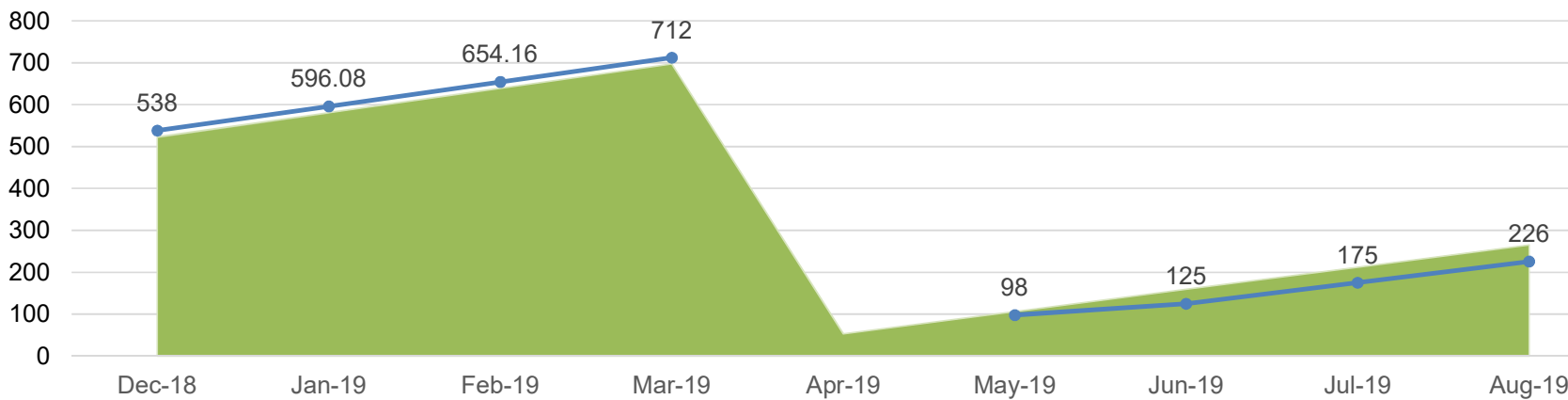
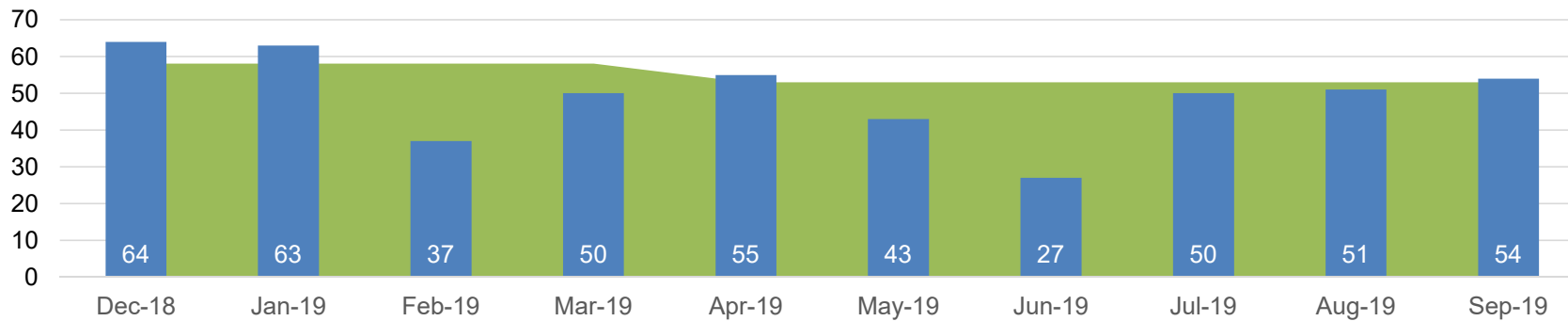



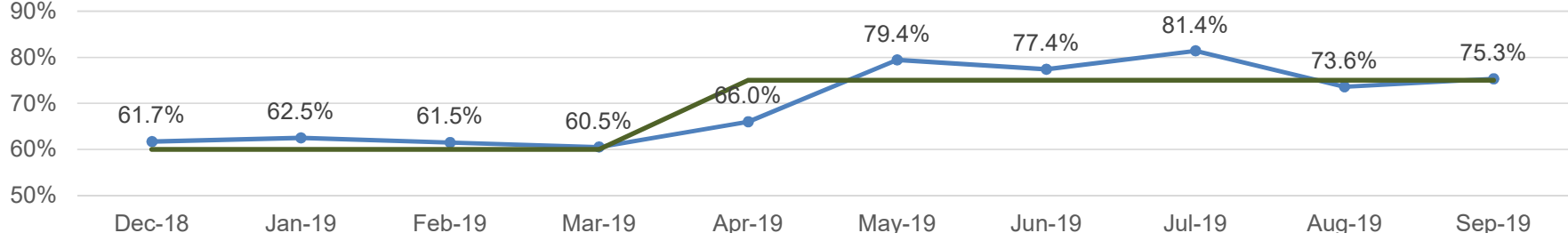

No of new placements in Residential and Nursing Care in month (65 +)

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	53 Per Month		
Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
37	50	55	43	27	50	51	54
G ↑	G ↓	A ↓	G ↑	G ↑	G ↓	G ↓	G ↓



Adult contacts handled by the Contact Centre resolved with Information & Advice/Signposting by either Contact Centre or Locality Triage Teams								G	↑																								
Description	The proportion of all contacts handled by the Contact Centre 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)																																
Benchmarking	Outturn for 17/18 was 53.8%																																
Polarity	Higher is better				Target	75.00%																											
Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19																										
61.50%	60.50%	66.00%	79.40%	77.40%	81.40%	73.60%	75.30%																										
G	↓	G	↓	G	↑	G	↑	G	↓	G	↑																						
Commentary and actions to be taken																																	
The proportion of contacts resolved at the first point of contact via Somerset Direct was 58.2% in Sept. 2019. This represents a slight increase from August.																																	
The combined resolution rate (when also including those contacts resolved by operational triage teams) was 75.3% for September.																																	
 <table border="1"> <caption>Resolution Rates Data</caption> <thead> <tr> <th>Month</th> <th>Resolution Rate (%)</th> </tr> </thead> <tbody> <tr><td>Dec-18</td><td>61.7%</td></tr> <tr><td>Jan-19</td><td>62.5%</td></tr> <tr><td>Feb-19</td><td>61.5%</td></tr> <tr><td>Mar-19</td><td>60.5%</td></tr> <tr><td>Apr-19</td><td>66.0%</td></tr> <tr><td>May-19</td><td>79.4%</td></tr> <tr><td>Jun-19</td><td>77.4%</td></tr> <tr><td>Jul-19</td><td>81.4%</td></tr> <tr><td>Aug-19</td><td>73.6%</td></tr> <tr><td>Sep-19</td><td>75.3%</td></tr> </tbody> </table>												Month	Resolution Rate (%)	Dec-18	61.7%	Jan-19	62.5%	Feb-19	61.5%	Mar-19	60.5%	Apr-19	66.0%	May-19	79.4%	Jun-19	77.4%	Jul-19	81.4%	Aug-19	73.6%	Sep-19	75.3%
Month	Resolution Rate (%)																																
Dec-18	61.7%																																
Jan-19	62.5%																																
Feb-19	61.5%																																
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Apr-19	66.0%																																
May-19	79.4%																																
Jun-19	77.4%																																
Jul-19	81.4%																																
Aug-19	73.6%																																
Sep-19	75.3%																																
<i>Improved health and wellbeing and more people living healthy and independent lives for longer</i>																																	
Driving more effective customer interactions through the use of digital technologies								G																									
<ul style="list-style-type: none"> •New e-payment hand held terminals being distributed from October 2019 •New SCC Website launched and content management strategy being implemented •On line SEND referral for early years being released •AV 1 Robots purchased and awaiting deployment •Visitor Self-Serve live in B Block reception •First phase of Digital Customer interactions for development have been identified including Blue Badge, Early Help Assessment, On line bookings •Digital Customer experience indicator basket identified and monitoring commenced •New Agile working being undertaken by delivery teams 																																	
<i>Meeting the Council's challenges: sustainability, quality and focus</i>																																	



SOMERSET
County Council

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

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Decision Report – Cabinet
 Decision Date – 13th November 2019

2019/20 Revenue Budget Monitoring – Quarter 2 (month 6) Report

Cabinet Member(s): Cllr Mandy Chilcott – Cabinet Member for Resources
 Division and Local Member(s): All
 Lead Officer: Sheila Collins, Interim Director of Finance
 Author: Leah Green, Finance Manager MTFP – Corporate
 Finance Contact Details: SDCollins@somerset.gov.uk 01823 359028

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	05/11/2019
	Monitoring Officer	Scott Wooldridge	05/11/2019
	Corporate Finance	Sheila Collins	05/11/2019
	Human Resources	Chris Squire	05/11/2019
	Property	Paula Hewitt / John Cooper	05/11/2019
	Procurement / ICT	Simon Clifford	05/11/2019
	Senior Manager	Sheila Collins	05/11/2019
	Commissioning Development Team	commissioningdevelopments@somerset.gov.uk	05/11/2019
	Local Member(s)	All	
	Cabinet Member	Mandy Chilcott	05/11/2019
	Opposition Spokesperson	Liz Leyshon	05/11/2019
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	05/11/2019
Forward Plan Reference:	FP/19/05/10		
Summary:	This report sets out the Quarter 2 (month 6) forecast outturn position for 2019/20 for the net Revenue Budget of £327.967m. It highlights variances to service budgets, as well as emerging issues, risks, areas of concern and proposed actions to resolve them. The Council’s Medium-Term Financial		

	<p>Plan (2019-22) sets out proposals to further develop its financial resilience over the long-term whilst also supporting the delivery of the Council’s key priorities.</p> <p>The report shows an overall projected balanced position for the Council, with the main adverse movement from month 5 being within Children’s Services. Section 5 details the management actions underway to mitigate these pressures with an aim to end the year within approved budgets. Until these management actions are more fully developed and fully implemented, these variances are included in the detail of the report and a proportion of the corporate contingency ‘notionally’ allocated to off-set the variances. This leaves £6.127m of the Corporate Contingency budget currently unallocated and therefore potentially available to further improve the Council’s financial resilience in the medium term. This position is improved from month 5. A decision regarding use of the contingency will be considered later in the year once the end of year position is firmer.</p> <p>As this a more detailed quarterly report, it includes more detail on aged debt, reserves, use of capital receipts flexibilities and an up-date on the Improving Lives Programme than would be the case for the intervening monthly reports. This confirms the positive direction of travel to continue to strengthen the reserves position through taking appropriate opportunities to replenish reserves were sensible.</p> <p>The budget for 2019/20 includes a savings target of £21.547m and this report confirms forecast delivery of £21.316m.</p>
<p>Recommendations:</p>	<p>It is RECOMMENDED that the Cabinet:</p> <ol style="list-style-type: none"> 1. Note the forecast balanced budget position for the end of 2019/20 2. Note that £6.127m of the corporate contingency remains unallocated. 3. Note the delivery of £17.884m savings by Quarter 2 and the forecast delivery of £21.316m by the year end. 4. Note the improving financial resilience of the Council, with the level of reserves now being projected as £56.347m by the year end (comprising £36.657m of Earmarked Reserves and £19.690m of General Fund).

Reasons for Recommendations:	<p>Closely monitoring spend against the agreed budget is necessary to ensure that the Council delivers its priorities within its means. This report requires action to be taken so that this objective can be met.</p>
Links to County Vision, Business Plan and Medium-Term Financial Strategy:	<p>The Medium-Term Financial Plan (MTFP 2019-22) sets the funding for the County Vision and the use of those funds is then monitored, via this report and others throughout the year to ensure delivery of Council objectives and actions within the resources available.</p>
Consultations and co-production undertaken:	<p>Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the report. Due process and consultations will be carried out where required for any further specific proposals for change.</p>
Financial Implications:	<p>The financial implications are identified throughout the report.</p>
Legal Implications:	<p>There are no specific legal implications arising from this report.</p>
HR Implications:	<p>There are no HR implications arising directly from this report, but remedial actions may have such implications. These will be dealt with in any subsequent reports.</p>
Risk Implications:	<p>The Council's corporate risk register recognises the difficulties to containing spend within budget in the face of service pressures, reducing funding and the challenges of delivering ever more savings and efficiencies.</p> <p>Although broader market uncertainty exists in view of the current Brexit negotiations, at this stage any precise implications are not known. The Council needs to be alert to potential implications as negotiations develop and respond accordingly at the time.</p> <p>The Children's Services budget, while rebased, remains under pressure as the Service continues to improve alongside the sensitivity of some aspects of the services to volume changes, especially placements.</p> <p>The Organisational Risk (00043) has a broad perspective,</p>

	<p>encompassing both current year spending and future years' budgets. At the beginning of each year this corporate risk is reviewed.</p> <p>The up-dated risk for 2019/20 acknowledges the improvement that has been made and describes the risk to be: "Maintaining a balanced budget for 2019/20 and ensuring a sustainable MTFP. There is a risk to the council's long-term sustainability if there are significant in-year service adverse variances, and or if the council suffers significant loss of funding in future years its ability to prepare a robust and sustainable MTFP for 2020/21 onwards may be impacted."</p> <p>Following the Spending Round (SR19) additional funding for Local Authorities has been announced mainly for social care and high needs education. However, the mechanisms for distribution of these additional funds is subject to consultation and more details are expected to be announced as part of the Local Government Provisional financial settlement in the autumn.</p> <p>Additionally, there is no current commitment to continue the significant levels of uncertain funding beyond 2020/21. In view of this significant level of uncertainty facing local government in funding and on-going increasing demand pressures and costs, despite growing confidence with internal control mechanisms, the risk score remains at the current level of "very high" (4x4(16)).</p> <p>Robust control must be maintained.</p>				
	Likelihood	4	Impact	4	Risk Score

Other Implications (including due regard implications):	<p><u>Equalities Implications</u></p> <p>There are no specific equalities implications arising from the contents of this report.</p> <p><u>Community Safety Implications</u></p> <p>There are no community safety implications arising from the contents of this report.</p>				

	<p><u>Sustainability Implications</u></p> <p>There are no sustainability implications arising from this report.</p> <p><u>Health and Safety Implications</u></p> <p>There are no health and safety implications arising from this report.</p> <p><u>Privacy Implications</u></p> <p>There are no privacy implications arising from this report.</p> <p><u>Health and Wellbeing Implications</u></p> <p>There are no health and wellbeing implications arising from this report.</p>
<p>Scrutiny comments / recommendation (if any):</p>	<p>This report will be presented to Scrutiny for Policies and Place Committee, on 11 December 2019 and Scrutiny for Policies, Children and Families on 13 December 2019; comments arising will be made available to the Cabinet at a subsequent meeting.</p>

1. Background

- 1.1. This report is the second quarterly revenue budget monitoring for 2019/20 and remains an early forecast of the potential end of year position.
- 1.2. Nevertheless, it is encouraging that the forecast continues to show confidence that the more robust approach to budget planning for 2019/20 onwards has ensured that the budget assumptions are realistic, and deliverable with a relatively small adverse variance seen in Service forecasts of £0.423m. This is being off-set by a 'notional' allocation from Corporate Contingency while firm management actions to correct variances are being implemented.
- 1.3. The Council is evidencing a sustained tighter financial grip going forwards through the budget monitoring forecast and through its approach to MTFP for 2020-2023. To further support this there will be a continuation of formal monthly monitoring report to Cabinet and to Scrutiny for Policies and Place and iterative improvements

to the format, content and layout of the reports to aid effective review and scrutiny. Alongside this internal tracking and budget monitoring processes continue to be given close attention by the Senior Leadership Team.

2. Reserves

2.1. The Council holds reserves in two forms:

- Earmarked reserves held for specific purposes and to mitigate against future known or predicted liabilities, and;
- The General Fund to mitigate against unforeseen spends or major unexpected events.

2.2. During 2018/19 significant progress was made in replenishing the Council's reserves position, with total balances at the end of the year being £26.075m for Earmarked Reserves and £17.689m for General Fund Reserve. This was an improvement of over £20m during 2018/19.

2.3. This second Quarter budget monitoring report sets out the forecast position and use of earmarked reserves during 2019/20 and the forecast position of General Fund reserve with a summary set out in the tables below (Tables 1, 2 & 3).

2.4. Earmarked reserves are set aside for specific purposes and any anticipated transfer to and from those reserves is in line with those original purposes. Table 1 below confirms the contributions to earmarked reserves that were approved by the Council on 20 February 2019 as part of the budget setting strategy to increase the financial resilience of the council.

2.4.1. Table 1 Earmarked Reserves: Approved movements for 2019/20 (February 2019 Council decisions)

Earmarked Reserves 2019/20	£m
Balance as at 31st March 2019	26.075
<u>Budgeted In-Year Movements 2019/20 as agreed in the MTFP:</u>	
Set Up Invest to Save Fund	2.852
Set Up Business Rates Pilot County-Wide Pot	4.015
Set Up Prevention Fund	1.000
Budgeted Increase to Insurance Fund	0.541
Balance as at 1st April 2019	34.483

2.5. A review of the approach, in 2019/20 and future years, to the use of reserves has recently been completed that now provides greater consistency and transparency across services. This up-dated approach more clearly sets out the original forecast impact on overall reserve balances (see table 2) and the impact of changes to

these forecasts during the year. (In future years the original reserve forecasts will be built into service budgets enabling variances to be included within the overall variances report by services).

2.5.1. Table 2 Earmarked Reserves: Original anticipated use of earmarked reserves for 2019/20

Service	Original Estimated Draw from or Contribution to Earmarked Reserves (£m)
Balance as at 1st April 2019	34.483
Draws from Earmarked Reserves:	
Adults	(2.500)
Economic & Community Infrastructure Services	(2.126)
Non-Service	(0.034)
Contributions to Earmarked Reserves:	
Adult Services	2.511
Public Health	0.567
Economic & Community Infrastructure Services	0.178
Corporate & Support Services	1.202
Non-Service	2.187
Trading Units	0.189
Total net increase in Earmarked Reserves	2.174
Estimated Balance of Earmarked Reserves	36.657

2.5.2. Narrative is included within the service sections below (Section 5) with explanation of any changes to the original anticipated use of earmarked reserves (as shown above in table 2). These changes will be presented within the outturn report for 2019/20 for approval alongside other reserve requests so that the impact on reserves and the overall council financial resilience is visible and a full position of reserves is known.

2.6. The forecast end of year position for earmarked reserves clearly demonstrates the continued positive improvement in the Council's financial resilience. These movements will be monitored closely for the remainder of the year and details reported in quarterly reports during the year.

2.7. General Fund

The 2019/20 revenue budget includes plans to improve the Council's resilience of its General Fund Reserve by £2.000m as set out in Table 3 below:

2.7.1. Table 3 General Fund Reserve Movements 2019/20

General Fund 2019/20	£m
Balance as at 31st March 2019	17.689
<u>In Year Movements 2019/20:</u>	
Budgeted Contribution	2.000
Balance as at 1st April 2019	19.690
<i>Less notional impact of Negative Earmarked Reserve</i>	<i>-1.322</i>
Closing Balance as at 31st March 2020	18.367

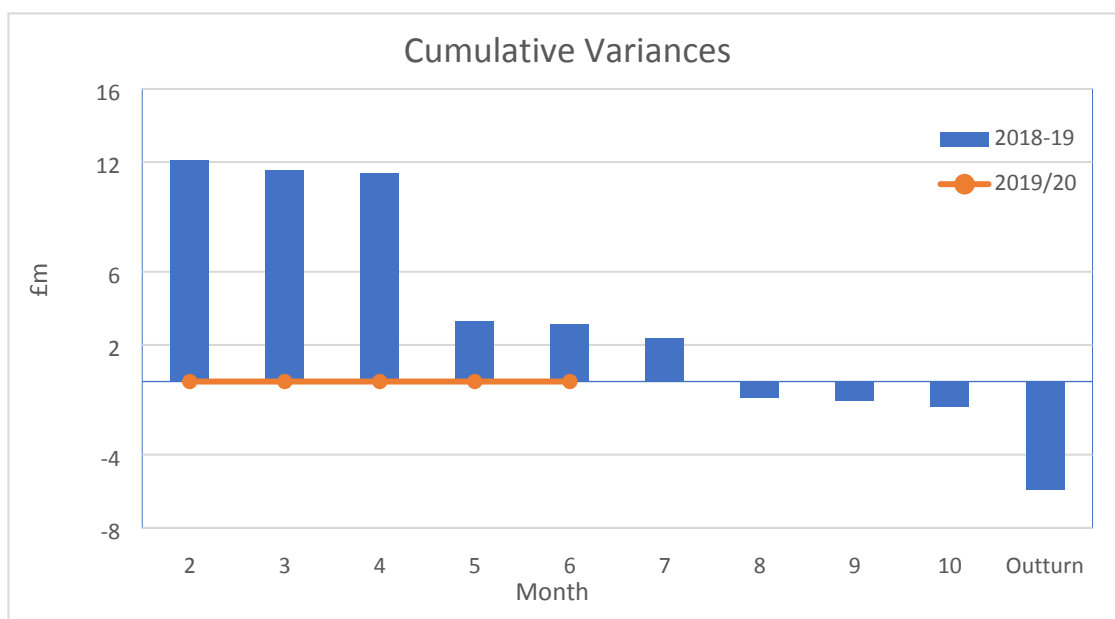
3. Capital Receipts Flexibilities (CRF)

The MTFP (2019-22) process included a review of business cases supporting the transformation activity that planned to utilise capital receipts flexibilities during 2019/20 in compliance with Government Guidelines. This was originally planned at £2.795m in the MTFP. The Month 6 forecast position indicates a reduction of £0.449m to £2.346m against the original planned amount and is a small reduction from what was forecast in the month 5 report (£2.425m). Appendix B gives a summary of the transformational projects and current forecast value.

4. Summary Forecast 2019/20 – Revenue Budget

- 4.1.** The Councils forecast shows a projected balanced position when compared to the revenue budget of £327.967m. There is a forecast overspend in Key Service Spend with most of the variance being within Children’s Services and Trading Units (Dillington House). Most other areas of the Council are within reasonable tolerance.
- 4.2.** The following graph (Graph 1) compares the reported monthly budget variances in 2018/19 and the current financial year.

Graph 1 – Revenue Budget Cumulative Variances 2018/19 and 2019/20

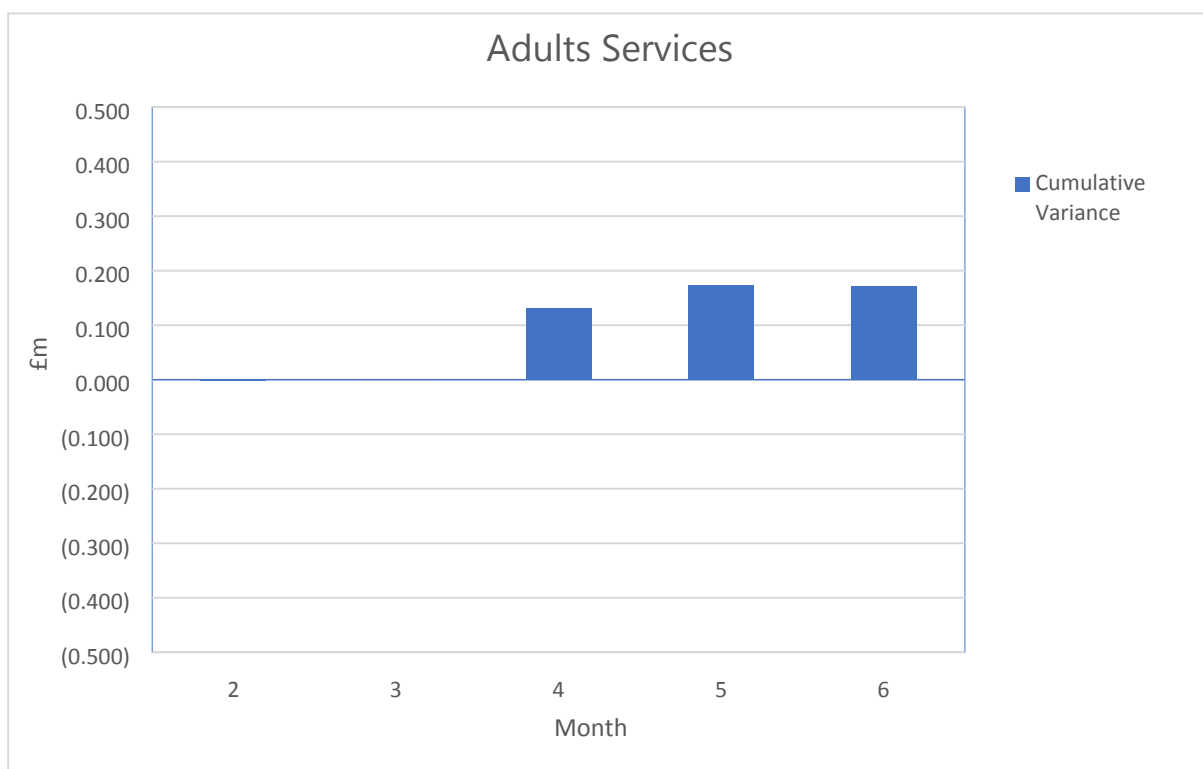


4.3. The table showing the projected end of year position, and variances from agreed budgets, are set out in Appendix A. The paragraphs below offer short explanations of the major parts of those variances. As part of continuing improvements to financial management the format of the table in Appendix A will be reviewed to ensure that it meets current best practice and aids transparency.

5. Key Variances

5.1. Adults Services: Net budget £126.522m, £0.171m projected adverse variance, favourable movement of £0.003m

Graph 2 – Adults Services 2019/20 cumulative variance to budget



The Adults budget is projected to be overspent by £0.171m against the net budget of £126.522m. Although this is a small decrease of £0.003m from the figure reported in Month 5, there are a number of positive and negative movements which should be noted and are reported below.

There has been an increase in the use of Short-Term placements to assist with discharge from hospital which has increased costs by £0.106m. The service is analysing all the data available to understand this increase but given that these placements are benefitting the system as a whole by speeding up discharge, they will be funded from the Social Care Grant.

The projected cost of Domiciliary Care continues to decrease as capacity in certain areas of the County remains low. There was a reduction in hours delivered in the Sedgemoor and South Somerset areas, which is similar to what was reported last month. The projected cost has reduced by £0.085m.

Staffing projections have reduced by £0.217m since the previous report due to a number of vacancies having their start dates pushed back, and new vacancies created by people leaving the service.

The Learning Disabilities Pooled Budget remains on track with a very small favourable variance of £0.003m, although this is an increase of £0.059m from the position reported at month 5. The main increases were due to new Day Services, the ending of Continuing Health Care for one person and increased costs for a Residential client.

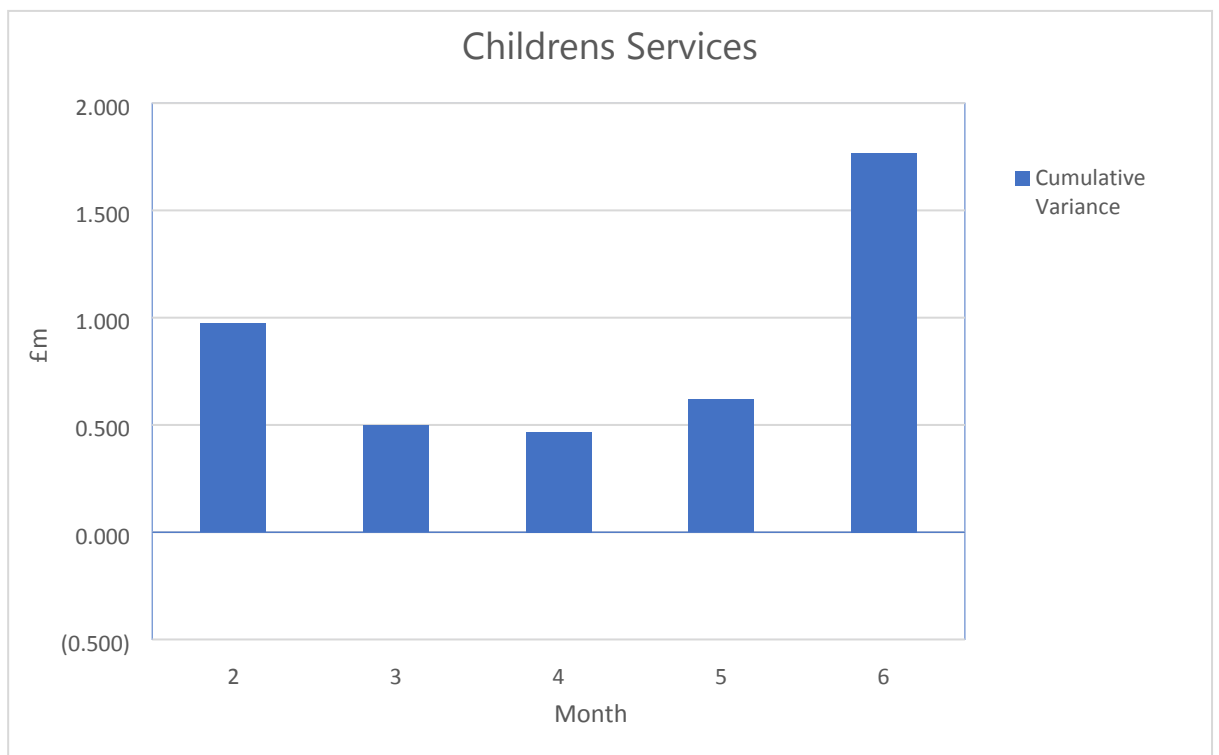
These increases have been largely offset by anticipated reductions in Supported Living and Day Services delivered through the Discovery contract.

This variance is net of an estimated £2.841m that will be requested at year end to be transferred to the Adult Social Care Resilience earmarked reserve. This figure could change as the year progresses should new pressures arise but will allow the service to build up further resilience for future service commissioning.

There are MTFP savings of £5.157m to be achieved during 2019/20. Of these £3.798m have already been fully achieved with the remaining £1.359m on track to be delivered throughout the year.

5.2. Children’s Services Net budget £83.426m, £1.768m projected adverse variance, adverse movement £1.149m

Graph 3 – Children’s Services 2019/20 cumulative variance to budget



External Placements: adverse £2.056m; movement: adverse £0.933m

A Somerset market management conference is taking place on the 25th November led by Children’s Commissioners with private sector providers of care and accommodation. This is part of the strategy to involve these stakeholders in shaping Somerset’s future care market to enable more flexible approaches and ways of providing homes and care, including support for children to return to their family.

Commissioning activity led through the Peninsula Framework is currently focussed on market management – improving quality and cost reduction - in the private fostering market. A revised framework agreement, with reduced costs is anticipated by the end of December 2019. It is anticipated that similar market management activity with residential providers early in 2020, will also evidence some reduction in costs in this area.

External placements projections have increased by £0.933m resulting in a total projected overspend of £2.056m. The increase is due to 11 children changing placement during the last month; 7 have moved from a fostering to a residential setting due to a lack of suitably skilled and resilient foster carers in house or in the private sector.

Transformational activities in relation to external placements continue to deliver cost avoidance, with £1.761m already achieved against a target of £1.649m. Reducing the cost of residential placements through individual provider negotiations and reduction in the number of these placements through successful step down to suitable alternative provision has achieved savings of £1.189m. Savings in post 16 provision currently achieved are £0.569m of £0.859 anticipated by year end.

Service management actions are focussed on prevention into care, placement stability and reconnection with families. The primary objective of these actions is to improve the lives of our children and young people, but most will also result in a financial benefit.

Staffing: favourable -£1.026m; movement: favourable -£0.399m

Staffing projections across Children's Social Care have reduced by £0.399m this month as a result of the start dates being revised to the new year for any current vacancy. Ongoing difficulties in recruiting and retaining experienced permanent social work front line staff and managers and family support staff account for a significant proportion of the projected underspend. This is not a sustainable position due to the impact on staff morale and the ability to deliver high quality support to families. The HR and Organisational Development Director is leading the development of a workforce strategy to address these issues.

Transport: adverse £0.293m; movement: adverse £0.196m

The costs of transporting children to school are projected to increase by £0.196m; a reduction of £0.304m in Home to School and an increase of £0.500m in SEND. The reduction in Home to School is as a result of specific market disruption activity, a project called The Big Bus, which sees an inhouse fleet offering several routes to offset costs of additional children travelling.

The increase in SEND reflects the increase in the number of eligible children and young people with EHCPs being transported now the new academic year has begun. There has been an increase of 66 children with SEND accessing transport with additional routes commissioned to meet demand.

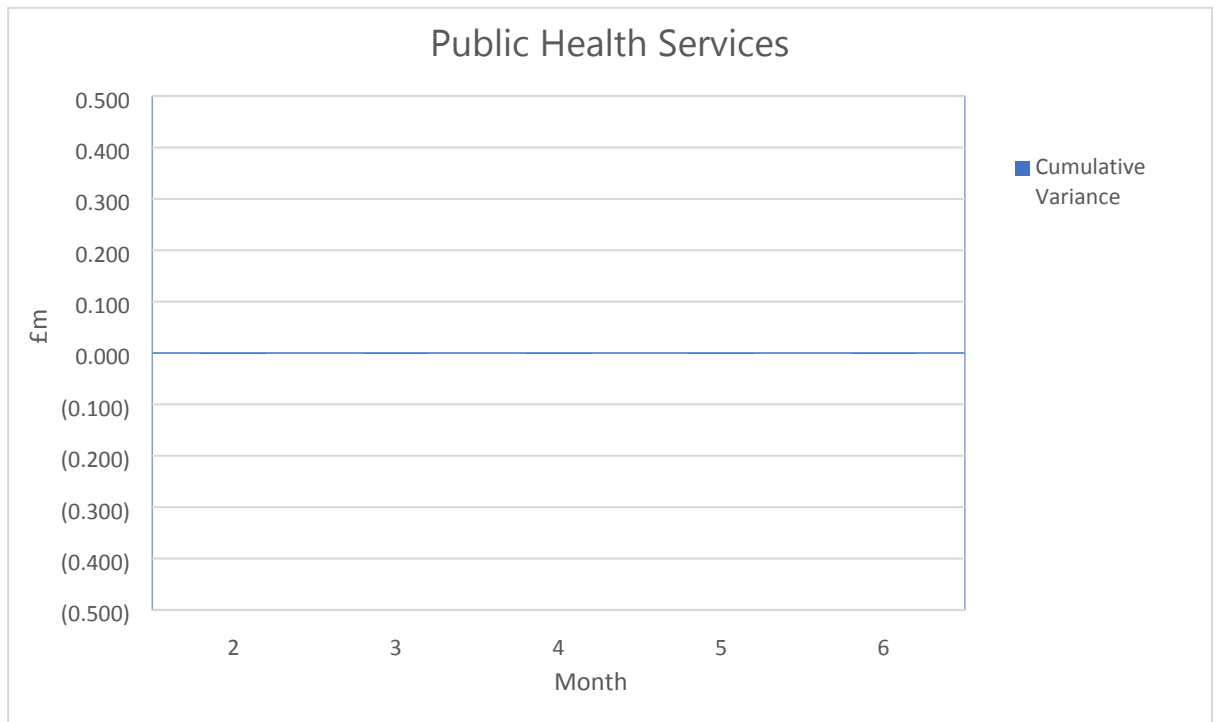
The top 20 high cost routes to each provision type will be reviewed to ensure the transport is the most appropriate and cost effective for that journey. The decision-making process is also being reviewed in conjunction with Transporting Somerset to ensure that it is robust, and a business case is being considered to increase the number of personal travel plans.

Sponsored Academy Balances: adverse £0.450m; movement: adverse £0.450m

King Arthur’s Community School has become a sponsored academy (i.e. required to join a multi academy trust following an inadequate ofsted inspection) as part of the Sherborne Area Schools Trust. At the point of transfer the school was in deficit which remains with the local authority, to be funded from its core budget. This is not an allowable charge to the Dedicated Schools Grant. The value of the deficit is still being validated but current estimate is £0.450m.

5.3. Public Health: Net budget £0.586m, projected on budget movement; £nil

Graph 4 – Public Health 2019/20 cumulative variance to budget



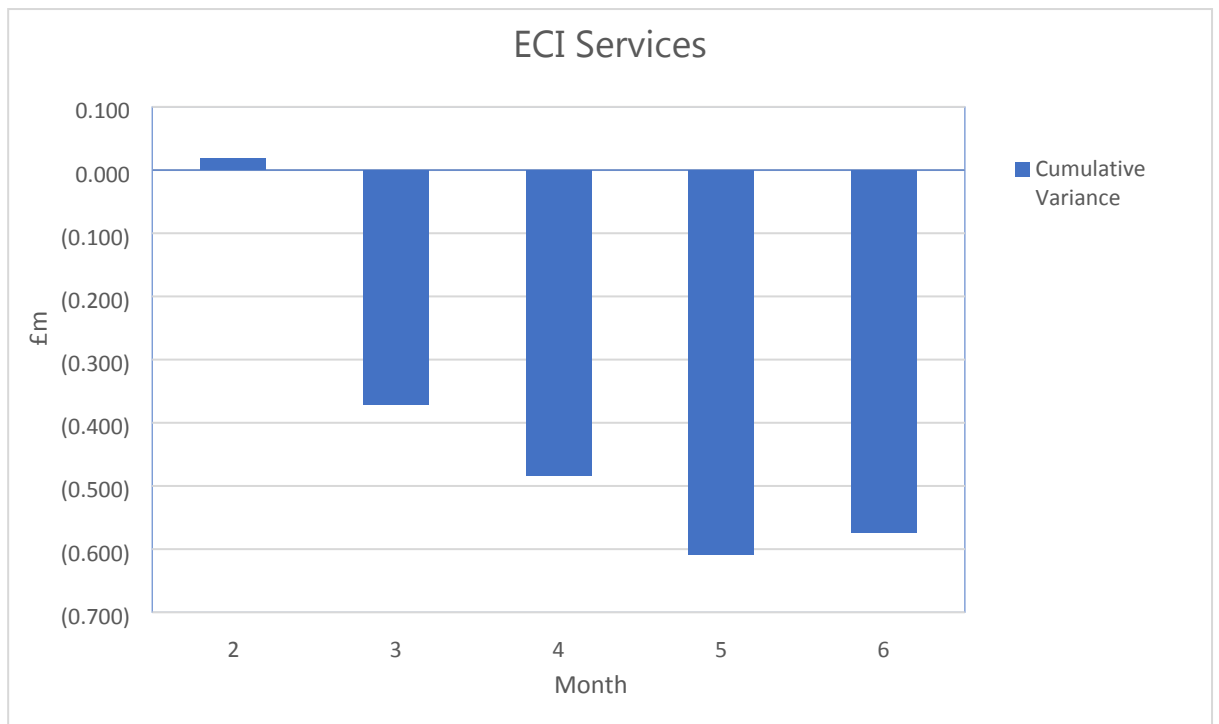
Public Health is projected to be on budget. This variance is net of an estimated £0.567m to be transferred to the Public Health Earmarked Reserve. This money will be

used to fund Neighbourhoods Transformation in the following years and to provide a degree of future resilience given the uncertainty over long term funding for Public Health.

All savings have been fully achieved for 2019/20.

5.4. Economic and Community Infrastructure: Net budget £68.738m, -£0.574m projected favourable variance, adverse movement of £0.034m

Graph 5 – Economic and Community Infrastructure 2019/20 cumulative variance to budget



Economic and Community Infrastructure (ECI) are forecasting a favourable variance of £0.574m for 2019/20. The major variations are:

Property Services are projecting a £0.253m favourable variance. This is due to a delay in the sale of properties resulting in rental income for the year being higher than anticipated. The movement of £0.217m from month 5 is as a result of detailed analysis of the service to ensure projections are accurate. Some projections have been increased to reflect the level of spend anticipated. This also includes the £0.012m increase in costs on the activity associated with the Repairs and Maintenance reserve resulting in a reduced surplus that will be requested to be returned to the reserve at the end of the year.

Transporting Somerset are forecasting a £0.012m favourable variance which is a

favourable movement of £0.020m from month 5. This is due to an anticipated underspend on County Ticket based upon early indicative figures. This has been offset in part by an increase in Concessionary Fares projections as a result of fares increases and passenger numbers.

Highways and Transport Commissioning are projecting a £0.371m adverse variance. This is as a result of new urgent technical studies and additional staff to improve service levels in highways development management. The adverse movement of £0.009m from month 5 is due to a number of small over and underspends within the service.

Highways is forecasting a £0.286m adverse variance. This is due to the Term Maintenance Contract rebate being lower than initially anticipated and a shortfall in Highway licence income. The £0.079m favourable movement from month 5 is due to decrease in the projected Rights of Way expenditure, a reduction in tree spend following a review of dead, diseased and dying trees and staff vacancy savings. The highways adverse variance is being closely monitored and a plan is in place to track and reduce this further.

Traffic Management are forecasting a £0.024m favourable variance. The adverse movement of £0.097m to the favourable variance reported in month 5 is a result of additional expenditure for the street works permitting project and Road Safety equipment for roadshows. This in part is offset by increased Traffic Regulation Order income (road closures and diversions) and a £0.019m favourable variance due to updated income projections that will be requested to be transferred to the Parking earmarked reserve at outturn.

Somerset Waste Partnership are forecasting an £1.099m favourable variance, a favourable movement of £0.0297 from month 5. This is down to waste volumes being less than the budgeted 1.5% growth, future months are now forecast on 1% growth in line with household growth. The most significant areas that have seen a reduction are kerbside collections of both residual waste and dry recycling and reduced residual tonnages at the HRWC. Green waste has been higher, but this is the usual trend for this time of year. Volumes continue to be volatile and dependent on outside factors such as the weather.

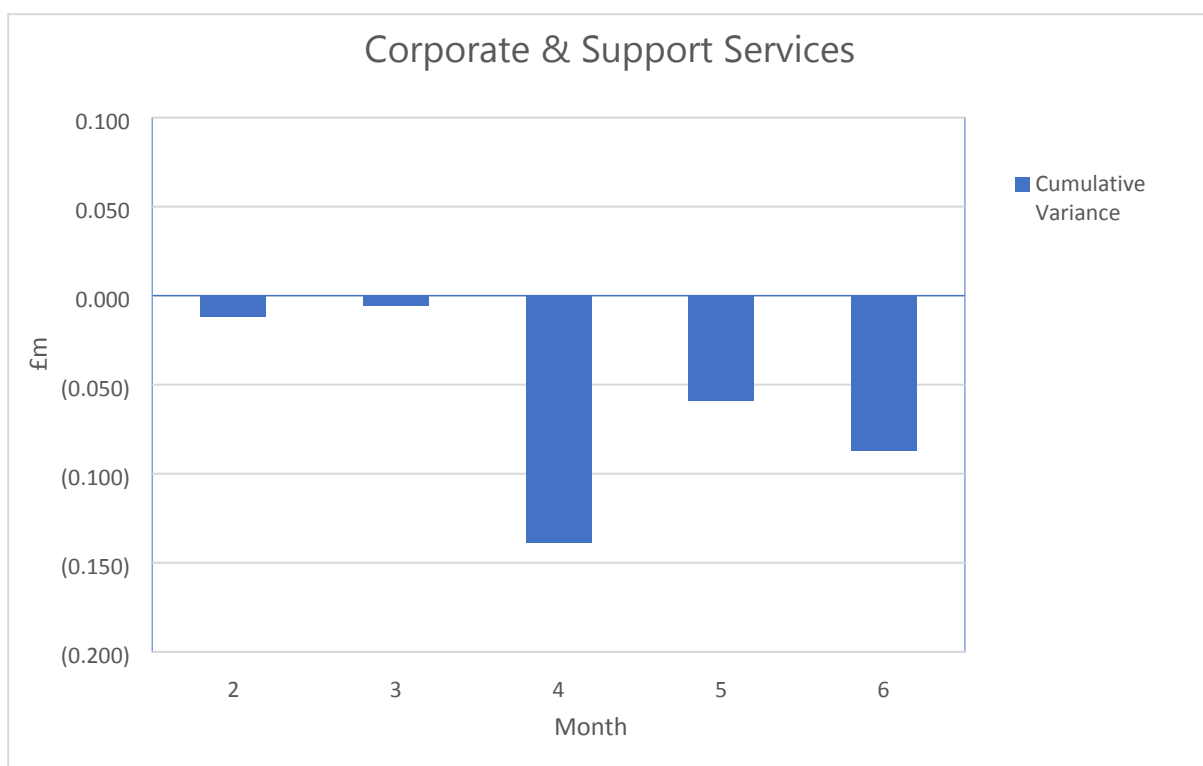
Economic Development are projecting an adverse variance of £0.136m. This adverse movement of £0.103m from month 5 is due to the anticipated costs within Planning Control associated with enforcement appeals and reduced income because of continued staff vacancies in the service.

There are still a number of factors that could change forecasts including adverse weather and emergency costs and any upturn in waste volumes and transport costs (Concessionary Fares as a result of operator's data and County Ticket).

Economic and Community Infrastructure have £3.165m of savings for 2019/20. Of this £2.400m has been achieved and £0.765m is on track to be achieved by the end of the financial year.

5.5. Corporate and Support Services: Net Budget £21.103m, £0.087m projected favourable variance, favourable movement of £0.028m

Graph 6 – Corporate and Support Services 2019/20 cumulative variance to budget



Corporate and Support Services are forecasting a favourable variance of £0.087m for 2019/20. This is due to the following;

Commercial and Procurement is projecting an adverse variation of £0.032m. The adverse movement from month 5 of £0.073m is due to an increase in staffing costs due to vacancies being filled by temporary staff and the additional cost of audits by external audit. Included in the month 6 position are additional costs of £0.013m associated with the Building Schools for the Future contract and this reduces the anticipated transfer to the earmarked reserve set aside for future contractual costs and will be requested at outturn.

The Finance service is projecting an underspend of £0.075m, this is due to several staff vacancies within the service which are yet to be filled. The service may seek to either spend in the current year or carry forward a further anticipated underspend of

£0.075m to invest in team development.

The ICT favourable variance now stands at £0.038m. This is as a result of underspends in transformation projects and increased income received by the service.

Customers and Communities teams are forecasting a favourable variance of £0.077m. This is due to staff vacancy savings of £0.089m offset in part by a shortfall in income. The favourable movement of £0.020m from month 5 is due to further staff vacancies.

Democratic Services are projecting an adverse variance of £0.040m, this is as a result of a shortfall of Partnership Governance funding and £0.035m of MTFP savings (Member allowances voluntary deduction, Partnership Governance income generation and Democratic Services demand management) that are unachievable. These savings are unachievable due to the business need to continue as the Host Authority for several significant Partnership Governance arrangements and additional work as part of the Improving Lives Programme and Peer Challenge recommendations for Member training and the review of the council's scrutiny function. The favourable movement of £0.020m from month 5 is as a result of some staff vacancy savings and a £0.012 favourable variance as a result of reduced projected spend on publicity and promotions for the Heart of the South West Joint Committee which will be requested to be transferred to the earmarked reserve at outturn.

Legal Services are forecasting a £0.049m adverse variance, which is an adverse movement of £0.038m from month 5. This adverse variance is due to counsel fees which continues to be a pressure on the legal service budget. This also includes £0.012m of an unachievable saving for changing working practices, this is currently being reviewed through the change control process. These pressures are offset in part by staff vacancy savings.

The communications budget is projecting an £0.018m favourable variance as a result of staff vacancy savings and income projections being higher than anticipated for the year.

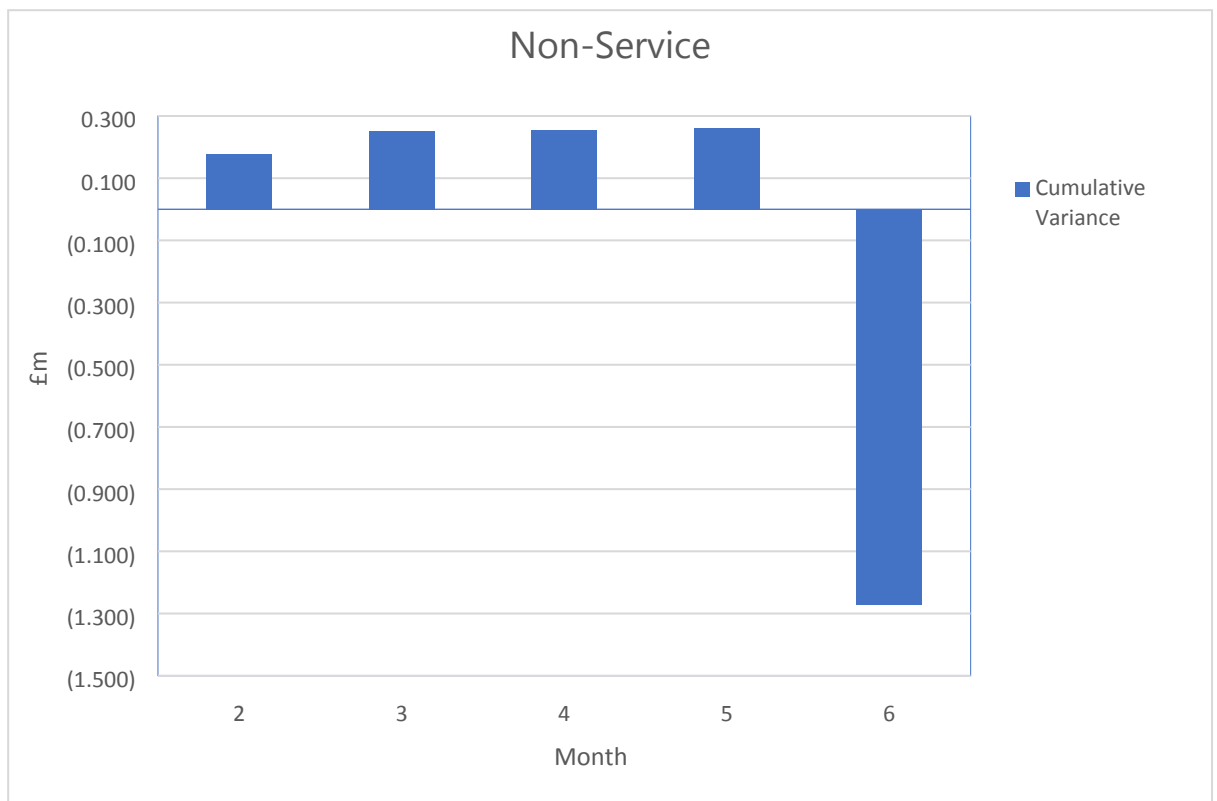
The HR&OD budget is projecting a balanced position as at month 6 however finance and the service are working through a number of in-service adverse and favourable variances in detail to ensure that this remains the case. It is anticipated that any variation to this will be known by month 7.

Corporate & Support Services have £3.574m of savings for 2019/20. Of this £3.207m has been achieved, £0.136m is on track to be achieved and £0.231m is currently unachievable. This is made up of £0.035m of unachievable savings within Democratic Services for income recovery and generation, £0.065m of unachievable savings in IT Services which are subject to change control, a £0.012m unachievable saving in Legal

Services which is being reviewed and £0.120m unachievable savings in Commercial and Procurement for the review of fees and charges which is currently being considered as part of the change control process. A saving of £0.060m has already been identified to replace the fees and charges saving and is awaiting formal change control sign-off.

5.6. Non-Service Net Budget: £21.042m, projected favourable variance: -£1.272m, favourable movement -£1.533m

Graph 7 – Non-Service 2019/20 cumulative variance to budget



Pension Deficit: favourable -£0.864m, movement; favourable -£0.864m

Following the allocation of the corporate pension deficit budget and the allocation of charges to services, there is a favourable variance of £0.864m. This is mainly due to maintained schools being charged a more proportionate share of the pensions deficit, funded by their delegated budget share. This has resulted in a reduced pressure on the Council’s budget. This is an ongoing favourable variance and has been included in MTFP assumptions in future years.

Investment and Debt Income and Expenditure: favourable -£0.603m, movement; favourable -£0.650m

The cash flow of the Council is being carefully managed so that there is no need for additional external borrowing to fund the Capital Programme during 2019/20. This results in a favourable variance of £0.650m due to no additional interest charges that were assumed when the budget was set.

5.7. Trading Units: Net budget £0.00m, adverse £0.417m, movement; £nil

Dillington House: adverse £0.417m, movement; £nil

Dillington is currently forecasting a deficit of £0.417m following a deep dive budget/performance review of month 5 accounts and forecasts. The adverse variance reflects revised projections of income levels across all areas of activity particularly weddings. Further updates have been made by adjusting costs to reflect the reduction in activity.

There are positives with increased income this year from conferences, events and online B&B bookings. Actions are taking place to continue building on these positives and to identify potential alternative revenue streams for 2019/20.

Adult Education has not managed to reach its stretch targets for this year but has exceeded previous years' income levels. Work is ongoing to develop a refreshed programme in 2020 to attract new business. We will be taking advantage of the space in this year's programme to test new courses and market appetite.

Whilst weddings have been disappointing for this year (due to a vacancy in a key post during the relevant booking period), next year's wedding bookings are already 57% higher than the current year, with bookings and enquiries continuing.

An independent review is imminent to assess the latest business plan and financial forecasts for the next 3 years and consider how Dillington can effectively deliver services as part of the County Council's portfolio.

Support Services for Education: trading surplus £0.189m, movement; favourable £0.112m

SSE Outdoors' favourable variance has increased by £0.041m due to an increase in residential bookings resulting in additional income. The planned refurbishment work is also not expected to be fully completed in this financial year therefore a reduction in project spend has contributed to the change between months 5 and 6.

Somerset Centre for Integrated Learning's (SCIL) favourable variance has increased by £0.072m which is predominantly due to increased income resulting from additional pupil numbers for the year 1 Foundation Degree course. Plus, new programmes within the Apprenticeship Service has also attracted more income. Expenditure across

SCIL has reduced due to the service reviewing their publications and advertising priorities.

5.8. Contingencies: Net Budget £6.550m, -£0.423m projected notional allocation, favourable movement of £0.382m (£6.127m remaining following notional allocation)

The 2019/20 budget included £7.226m in a corporate contingency to mitigate against the risk of unexpected in-year service pressures and or funding changes. This sum is now £6.550m following the agreed recommendation to transfer £0.498m to fund some of the pressure within Children’s Services for SEN transport (as per July Cabinet meeting) and the agreed recommendation to transfer £0.175m to fund the enhanced capacity and capability to aid Brexit preparations (as per September Cabinet meeting).

At this stage in the year it remains prudent for this contingency budget to be shown as fully committed however an element is being shown to off-set the adverse variance of £0.423m currently forecast in service areas and Trading Units which is a favourable movement of £0.382m from month 5 (See table 4). If the current adverse variance in other services and Trading Units is not mitigated by additional management action the remaining available contingency budget would be £6.127m. If no other pressures materialise during the year the outturn position would be an overall favourable variance of this sum for the Council.

5.8.1 Table 4 – Corporate Contingencies Movements

Contingencies	£m
Original Budget	7.226
Virement to Children's (as per month 2)	(0.498)
Virement to ECI (as per month 4)	(0.175)
Overall Adverse Variances at Month 6 (Notional Allocation)	(0.426)
	6.127

6. Delivery of Savings

6.1. The Financial Imperative approach, established to manage the preparation and delivery of MTFP continues to provide monthly assurance for the development, delivery and validation of savings plans.

6.2. The different savings statuses are as follows:

- Red: This means that 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.

6.3. The following table (Table 5) shows a summarised breakdown of achievement of savings for 2019/20 as at 30th September 2019 and confirms that 99% of the proposals for change have been classified as having a green or blue 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. 1% of savings proposals have been classified as red meaning the savings are currently at risk or replacement savings have not been agreed through the change control process. The monitoring of the delivery of the savings across the three decision processes can be seen in Appendix C.

6.4. Table 5 – Revenue Savings 2019/20

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	5,506,800	-	1,359,100	4,147,700
Children's Services	4,592,800	-	1,172,300	3,420,500
Corporate & Support Services	3,573,500	231,300	135,503	3,206,697
Economic & Community Infrastructure	3,165,300	-	765,400	2,399,900
Non-Service	4,708,800	-	-	4,708,800
Total	21,547,200	231,300	3,432,303	17,883,597
Percentage of Delivery		1.07%	15.93%	83.00%

7. Aged Debt Analysis

7.1. The overall debt position shows a total gross debt of £7.993m, of which £1.465m (18%) is over 90 days old. This is an improvement on last year, where the figure was 23% at quarter 2. Previous areas where debt has been difficult to collect promptly have improved. A summary of aged debt can be found in Table 6 below.

7.2. Detailed debt information is reported to Audit Committee on a quarterly basis. In addition, last year, a SWAP audit report was issued on debt management, which informed updates to the Income Code of Practice. Mandatory training awareness sessions have also been provided to all officers involved in actively managing debt and additional support has been provided to services on specific debt management processes and controls.

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

7.4. **Table 6 – Aged Debt Analysis by Service**

Service	Not Overdue	0-30 Days	31-90 Days	91-365 Days	365+ Days	Total (Gross)	Unassigned Cash	Total (Net)
	£m	£m	£m	£m	£m	£m	£m	£m
Adult Services	0.104	0.700	0.698	0.472	0.291	2.265	(0.109)	2.156
Children's Services	0.267	0.112	0.054	0.136	0.023	0.592	(0.015)	0.577
Public Health	0.000	0.517	0.000	0.000	0.000	0.517	0.000	0.517
Economic & Community Infrastructure	0.871	2.554	0.204	0.314	0.172	4.115	0.000	4.115
Corporate & Support Services	0.020	0.104	0.014	0.037	0.007	0.182	0.000	0.182
Support Services for Education (Trading Units)	0.004	0.291	0.014	0.013	0.000	0.322	(0.015)	0.307
Total (£m)	1.266	4.278	0.984	0.972	0.493	7.993	-0.139	7.854
Total (%)	16%	54%	12%	12%	6%	100%		

7.5. **Adult Services: £2.156m**

Focus continues to be on debts over 90 days old which have reduced from £1.079m reported at Quarter 1 to £0.763m now. Debts in the 30 to 90-day bracket have increased slightly however there are a number of debts owed by Somerset Clinical Commissioning Group in this figure which we anticipate will be paid shortly. All debts are either being actively pursued by the Adults Finance Team or are with Legal for further action.

7.6. **Children's Services: £0.577m**

Of the debts over 30 days, 66% relates to 2 invoices owed by the Somerset Clinical Commissioning Group for agreed contributions to fees of children with complex needs in residential placements. These invoices are part of ongoing discussions to ensure settlement as soon as possible. The remaining debt is for Education Safeguarding penalty notices, paid seats on school transport and recharges for training provided by the Somerset Safeguarding Children Partnership. All debts over 30 days have been referred to legal.

7.7. **Economic & Community Infrastructure: £4.115m**

ECI are reporting a total of £0.486m outstanding debt over 90 days old, which is 11.81% of ECI's total debt. These debts are all being actively chased by services or by legal/debt recovery. The total value of debt is high as usual at this time of year due to a large amount of county ticket invoices having been raised.

7.8. Corporate & Support Services: £0.182m

Corporate and Support Services: £0.182m a reduction of £0.062m from month 5. The total value of debts over 90 days is £0.044m, all debts are being actively chased or have been referred Legal/Debt recovery.

7.9. Support Services for Education: £0.307m

The majority of debt (96%) is under 30 days old and relates to services and courses purchased via the SSE website. This is expected to be recovered in line with the timescales set out within the Income Code of Practice.

8. Improving Lives Programme

8.1. We are continuing to mobilise and scope The Improving Lives Programme (ILP) which will redesign the organisation to create a sustainable Council that better manages demand, puts prevention at the heart of its thinking and has a culture that promotes innovation and values our staff.

8.2. Over the last three months, we have undertaken a 'deep dive' into each of the four enabling workstreams within the ILP: Digital Customer, Prevention, Commissioning for the Future and Behaviours & Culture. The purpose of these deep dives was to understand the activity being scoped by each workstream, the maturity of their plans and how the outputs and capability being delivered by the themes can change and improve the way we deliver services. This is being used to inform the scope of the ILP programme by prioritising the opportunities identified. We are also reviewing all service led transformation activity to identify whether delivery could be scaled corporately rather than within services, for example, we will look at how technology being utilised to help service users in one service might also support those in another.

8.3. Notable achievement across the four enabling workstreams over the last three months includes:

- Digital Customer – good progress is being made with several key enabling pieces of work, including how we use our systems to better capture quality data intelligence that can be used to improve commissioning. The benefits of using of AV1 robots to support students who are long term absent from school to integrate back into the environment is being explored through a test and learn approach. Work is progressing with the delivery of a SEND portal which will support Professionals and the SEND service to submit and receive the correct information accurately and in line with statutory deadlines. The workstream is engaging services to help them understand how digital capability can help them improve service delivery.

- Commissioning – plans for the co-location of commissioning teams to enable more joined up working are being finalised. A new integrated commissioning gateway has been designed in order to facilitate more joint and consistent commissioning and the app that will host it is being built by ICT.
- Culture and Behaviour – a vision for the future workforce has been developed and agreed. This will be used to provide structure and direction to the activities that have been identified to change the culture and behaviours needed to support the new organisation. Staff engagement with the Somerset People Attributes continues through team meetings and via the staff roadshows. Testing is also underway through recruitment and staff development to begin embedding them and capture learning. A knowledge site for sharing and celebrating great work and ideas has been scoped and a project team is now in place to progress this.
- Prevention – a prevention learning programme, designed to embed a prevention ethos, has been developed and launched. This includes Prevention Masterclasses and eLearning modules which are designed to improve general confidence in prevention. These will form part of a wider Prevention training programme which is currently being developed.

8.4. Following the Strategic and Service Manager Workshop in June, where staff exhibited examples of where the design principles are being brought to life across SCC, work has been completed to run the exhibition as part of the Staff Roadshows from October to December this year. As well as the opportunity to hear from, and speak with, the Chief Executive and Leader, the roadshows aim to raise the level of general awareness about the ILP programme amongst staff whilst giving them the chance to find out about some of the innovative work going on across the Council. All Councillors have been invited to the Improving Lives Exhibition part of the roadshows and will have the same opportunity as staff to hear about these initiatives and ask questions.

8.5. Other programmes:

8.5.1. Children's Service Transformation Programme – The objectives of the programme to improve outcomes for children and young people within a sustainable budget, have been aligned to the Improving Lives design principles and aim to deliver improvements in demand management, prevention, digital customer thinking and commissioning for the future. The programme continues to focus on priority areas of high opportunity to transform commissioning and practice and ensure future sustainability of the Service in the light of known service funding and future demand pressures. The workstreams are progressing well with changes in behavior, practice and improvement in evidence across the Programme, e.g. in the Fostering Service and 16+. The workstreams are enabled by required changes to technology, systems and culture with interventions in place to ensure continued good progress.

- 8.5.2. Adults Service Transformation Programme** – The transformation program continues to focus on how we promote people’s independence. The vision is for ‘people in Somerset to live healthy and independent lives, supported by thriving and connected communities, with timely and easy access to high-quality and efficient support when they need it’ delivered through seven workstreams, Mental Health, Learning Disability, Collaboration, Technology, Community Connect, Accommodation and Investing in Carers.
- 8.5.3.** The ‘Steps to Independence’ model is currently being tested on a small pilot group to better support adults with a learning disability to become more independent. Its focus’ on developing life skills such as preparing for work, cooking, budgeting, going shopping, etc as well as making friends, getting fit or learning to travel independently.
- 8.5.4.** Community Connect is a philosophy and way of working being adopted by community, health and social care organisations to improve wellbeing and keep people living independent lives for as long as possible. A review of how this works for people with more complex needs in Somerset has been completed and development plans will now be created to enhance the model and better enable people to help themselves, identifying local solutions so people can live a good life in their community. Alongside this, our customer access points are also under review to ensure people are accessing the right information when they need it.
- 8.5.5.** Preparation is complete to launch a pilot in Somerset, ‘Brain in Hand’, for how assistive technology can be used to maximise an individual’s independence. It will be used to help people gain independence and remain independent, focusing on prevention and providing person centred care. It will enable the step down of ‘care’ but provides ongoing support when needed. The pilot includes people with we are currently working with who have a mental health need or learning disability.
- 8.5.6.** The Somerset Community Connect website went live this summer and is an online **information and advice guide** and **directory of services** for adult residents in Somerset to find information, advice and services to manage their own health and wellbeing. It also provides a platform to find out about local “events” - groups, activities and services within their community. We are now developing how this can provide information on what help and support is available at home (micro providers) <https://www.somersetcommunityconnect.org.uk/>
- 8.5.7.** Work is underway to replace the case management system with an application called Eclipse. A series of workshops to review the current processes are underway, and we are preparing for a trial migration of data from AIS to Eclipse in October. Ongoing work on reporting, training and testing to plan the approach for implementation March 2020.

- 8.6.** The Prevention fund (£1.000m) continues to attract expressions of interest with 1 Expression recently submitted asking for £0.050m. 4 projects totalling £0.530m have now commenced delivery and benefits are being tracked. The members prevention grant which closes on the 30th November has received 12 successful bids to a total of £0.008m of the £0.110m available. Our third grant of £0.025m designated for the youth parliament implementation in Q4 is being developed. The Prevention theme has now mobilised and has begun to develop and implement a plan to build capability in the organisation for continuous improvement into 2020.
- 8.7.** Robust tracking and delivery of MTFP savings for 2019/20 is continuing as part of the financial imperative process. Delivery of each saving has been profiled throughout the financial year with a clear picture of the actions required to achieve them which is providing the necessary assurance. As at 30th September 2019 £12.945m of the savings agreed by Full Council in February 2019 have been achieved against a target of £15.062m.
- 8.8.** As at 30 September 2019, the estimated cost of additional resources required to facilitate the Improving Lives Programme during 2019/20 is £0.439m.

9. Options considered and reasons for rejecting them

- 9.1** There is no alternative but to undertake effective and thorough budget monitoring to follow through with appropriate actions to address any variances.

10. Background Papers

- 10.4**
- 4th November 2019 Scrutiny for Policies and Place Month 5 Revenue Budget Monitoring Report

Appendix A – Revenue Budget Monitoring (quarter 2, month 6) – Headline Summary Table

Service	Total Revised Budget	Adverse Variances (+)	(Favourable) Variances (-)	Month 6 Net Variance Adverse / (Favourable)		Month 5 Net Variance	Movement from Month 5
	£m	£m	£m	£m	%	£m	£m
Adult Services	126.522	5.270	(5.099)	0.171	0.14%	0.174	(0.003)
Children's Services	83.426	7.491	(5.722)	1.768	2.12%	0.619	1.149
Public Health	0.586	0.000	0.000	0.000	0.00%	0.000	0.000
Economic & Community Infrastructure Services	68.738	2.759	(3.334)	(0.574)	(0.84%)	(0.608)	0.034
Key Services Spending	279.272	15.520	(14.155)	1.365	0.49%	0.185	1.180
Corporate & Support Services	21.103	0.730	(0.818)	(0.087)	(0.41%)	(0.059)	(0.028)
Non-Service Items	21.042	0.698	(1.970)	(1.272)	(6.04%)	0.261	(1.533)
Trading Units	0.000	0.417	0.000	0.417	0.00%	0.417	0.000
Support Services & Corporate Spending	42.145	1.846	(2.788)	(0.942)	(2.24%)	0.619	(1.561)
Corporate Contingencies	6.550	0.000	(0.423)	(0.423)	(6.46%)	(0.805)	0.382
Total SCC Spending	327.967	17.366	(17.366)	(0.000)	(0.00%)	(0.000)	0.000

Total Revised Budget = Revised budget after transfers between services, not affecting the total budget for 2019/20

Adverse variance = one that deteriorates the projected outturn position

(Favourable) variance = one that improves the projected outturn position

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Appendix B – Planned use of Capital Receipts Flexibilities (Quarter 2, Month 6)

Service		Original Planned Costs £m	Current Forecast Costs £m	Previous Forecast Costs £m	Description
Adult Services	Learning Disabilities	0.624	0.624	0.624	Contractual transformation costs
Children and Families	Getset	0.055	0.000	0.000	Supporting the Family Support Service model
ECI Services	Property	0.206	0.163	0.206	Costs associated with property rationalisation and transforming the use of assets
	Economic Development	0.381	0.381	0.381	Supporting the roll-out of Broadband, underpinning how services can be delivered to the public
	Commissioning	0.070	0.046	0.046	Commissioning development and working towards integrated commissioning solutions
	Libraries	0.066	0.066	0.066	Costs associated with the activity supporting the Library transformation
Key Services		1.402	1.280	1.323	

Corporate and Support Services	Core Council Programme	1.006	0.683	0.718	Costs within the Core Council Programme team who support transformational projects across the Council
	ICT and related costs	0.233	0.220	0.220	Costs associated with supporting the digital transformational changes across the Council
	Customers and Communities	0.154	0.154	0.154	Costs supporting the transformation of the customer "front door" service delivery
	Community Governance	0.000	0.010	0.010	Costs for the Cabinet Member for Education and Transformation who supports transformational work for the Council.
Support Services and Corporate		1.393	1.067	1.102	
SCC Total		2.795	2.346	2.425	

Appendix C – Delivery of Savings Summary 2019/20

Savings agreed in February 2019 for 2019/20:

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	3,389,000	-	1,688,674	1,700,326
Children's Services	1,701,000	-	98,300	1,602,700
Corporate & Support Services	2,955,900	120,000	150,503	2,685,397
Economic & Community Infrastructure	2,307,200	10,000	716,500	1,580,700
Non-Service	4,708,800	-	-	4,708,800
Total	15,061,900	130,000	2,653,977	12,277,923
Percentage of Delivery		0.86%	17.62%	81.52%

Savings agreed in September 2018 (MTFP2) for 2019/20:

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	1,717,800	-	-	1,717,800
Children's Services	2,891,800	5,800	1,148,200	1,737,800
Corporate & Support Services	561,700	46,300	-	515,400
Economic & Community Infrastructure	842,400	-	389,900	452,500
Non-Service	-	-	-	-
Total	6,013,700	52,100	1,538,100	4,423,500
Percentage of Delivery		0.87%	25.58%	73.56%

Savings agreed in February 2018 for 2019/20:

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	400,000	-	-	400,000
Children's Services	-	-	-	-
Corporate & Support Services	55,900	-	55,900	-
Economic & Community Infrastructure	15,700	-	-	15,700
Non-Service	-	-	-	-
Total	471,600	-	55,900	415,700
Percentage of Delivery		0.00%	11.85%	88.15%

ALL Combined Savings for 2019/20:

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	5,506,800	-	1,688,674	3,818,126
Children's Services	4,592,800	5,800	1,246,500	3,340,500
Corporate & Support Services	3,573,500	166,300	206,403	3,200,797
Economic & Community Infrastructure	3,165,300	10,000	1,106,400	2,048,900
Non-Service	4,708,800	-	-	4,708,800
Total	21,547,200	182,100	4,247,977	17,117,123
Percentage of Delivery		0.85%	19.71%	79.44%

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 is not included in the current Cabinet Forward Plan, is to be considered by the Cabinet on Wednesday 13th November 2019:

2019/20 Revenue Budget Monitoring – Quarter 2 (Month 6) Report

Contact Officer:

Sheila Collins – Interim Finance Director
Sdcollins@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

05/11/29
Scott Wooldridge
Monitoring Officer

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

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Decision Report – Cabinet

Decision Date – 13th November 2019

2019/20 Capital Budget Monitoring – Quarter 2 (Month 6) Report

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

Division and Local Member(s): All

Lead Officer: Sheila Collins, Interim Director of Finance

Author: Ian Trunks - Finance Manager, Capital

Finance Contact Details: SDCollins@somerset.gov.uk 01823 359028

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	04/11/2019
	Monitoring Officer	Scott Wooldridge	04/11/2019
	Corporate Finance	Sheila Collins	25/10/2019
	Human Resources	Chris Squire	04/11/2019
	Property	Paula Hewitt / John Cooper	04/11/2019
	Procurement / ICT	Simon Clifford	04/11/2019
	Senior Manager	Sheila Collins	25/10/2019
	Commissioning Development Team	commissioningdevelopments@somerset.gov.uk	04/11/2019
	Local Member(s)	All	04/11/2019
	Cabinet Member	Cllr Mandy Chilcott	25/10/2019
	Opposition Spokesperson	Cllr Liz Leyshon	04/11/2019
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	04/11/2019
Forward Plan Reference:	FP/19/16/09		
Summary:	This report sets out the Quarter 2 (Month 6) forecast outturn position for 2019/20 for the Capital Budget of £788.425m. It highlights variances to service budgets, as well as emerging issues, risks, areas of concern and proposed actions to resolve them.		

	At the half way point in the year, the report is currently forecasting an overall favourable variance of £1.735m.
Recommendations:	<p>It is recommended that the Cabinet:</p> <ol style="list-style-type: none"> 1. Note the forecasted budget position for the currently approved 5-year programme with a forecast favourable variance of £1.735m; 2. Approve the request to vire £0.040m of grant funding from the Smart Ticketing project to the New Fleet Management System project, as detailed in Section 5 of this report.
Reasons for Recommendations:	Closely monitoring spend against the agreed budget is necessary to ensure that the Council delivers its priorities within its means. This report requires action to be taken so that this objective can be met.
Links to County Vision, Business Plan and Medium-Term Financial Strategy:	The Medium-Term Financial Plan (MTFP 2019-22) sets the funding for the County Vision and the use of those funds is then monitored, via this report and others throughout the year to ensure delivery of Council objectives and actions within the resources available.
Consultations and co-production undertaken:	Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the report. Due process and consultations will be carried out where required for any further specific proposals for change.
Financial Implications:	The financial implications are identified throughout the report.
Legal Implications:	There are no specific legal implications arising from this report.
HR Implications:	There are no HR implications arising directly from this report, but remedial actions may have such implications. These will be dealt with in any subsequent reports.
Risk Implications:	The Council's corporate risk register recognises the difficulties to containing spend within budget in the face of service

	<p>pressures, reducing funding and the challenges of delivering ever more savings and efficiencies.</p> <p>The Organisational Risk (00043) has a broad perspective, encompassing both current year spending and future years' budgets. At the beginning of each year this corporate risk is reviewed.</p> <p>Following the Spending Round (SR19) additional funding for Local Authorities has been indicated, mainly for social care and high needs education. However, this is not certain until the Local Government Financial Settlement is announced later in the year. Also any assurances on longer term capital funding from government departments (i.e. department for education) were postponed, with government to publish its plans for capital spending later in Autumn. This leaves uncertainty for funding future projects.</p> <p>Although broader market uncertainty exists in view of the current Brexit negotiations, at this stage any precise implications are not known. The Council needs to be alert to potential implications as negotiations develop and respond accordingly at the time.</p> <p>Specific risks related to individual funding sources are outlined in section 4 of the report.</p>				
	Likelihood	4	Impact	4	Risk Score

Other Implications (including due regard implications):	<u>Equalities Implications</u>				
	There are no specific equalities implications arising from the contents of this report.				
	<u>Community Safety Implications</u>				
	There are no community safety implications arising from the contents of this report.				
	<u>Sustainability Implications</u>				
	There are no sustainability implications arising from this				

	<p>report.</p> <p><u>Health and Safety Implications</u></p> <p>There are no health and safety implications arising from this report.</p> <p><u>Privacy Implications</u></p> <p>There are no privacy implications arising from this report.</p> <p><u>Health and Wellbeing Implications</u></p> <p>There are no health and wellbeing implications arising from this report.</p>
Scrutiny comments / recommendation (if any):	This report will be presented to Scrutiny for Policies and Place Committee, on 11 th December 2019 and comments arising will be made available to the Cabinet at a subsequent meeting.

1. Background

- 1.1. This report is the second quarterly capital budget monitoring for 2019/20 and provides a mid-year forecast of the potential end of year position.
- 1.2. It is encouraging that the forecast continues to show confidence that the programme management ensures that the budget assumptions are realistic and achievable. Of the £788.425m active approval; £406.853m has been spent in previous years, leaving approval of £381.572m against which forecasts have been made. The month 6 position gives a forecast spend over the coming 5 years of £379.837m presenting an overall favourable variance of £1.735m (0.45%).
- 1.3. The following table summarises the budget by service area:

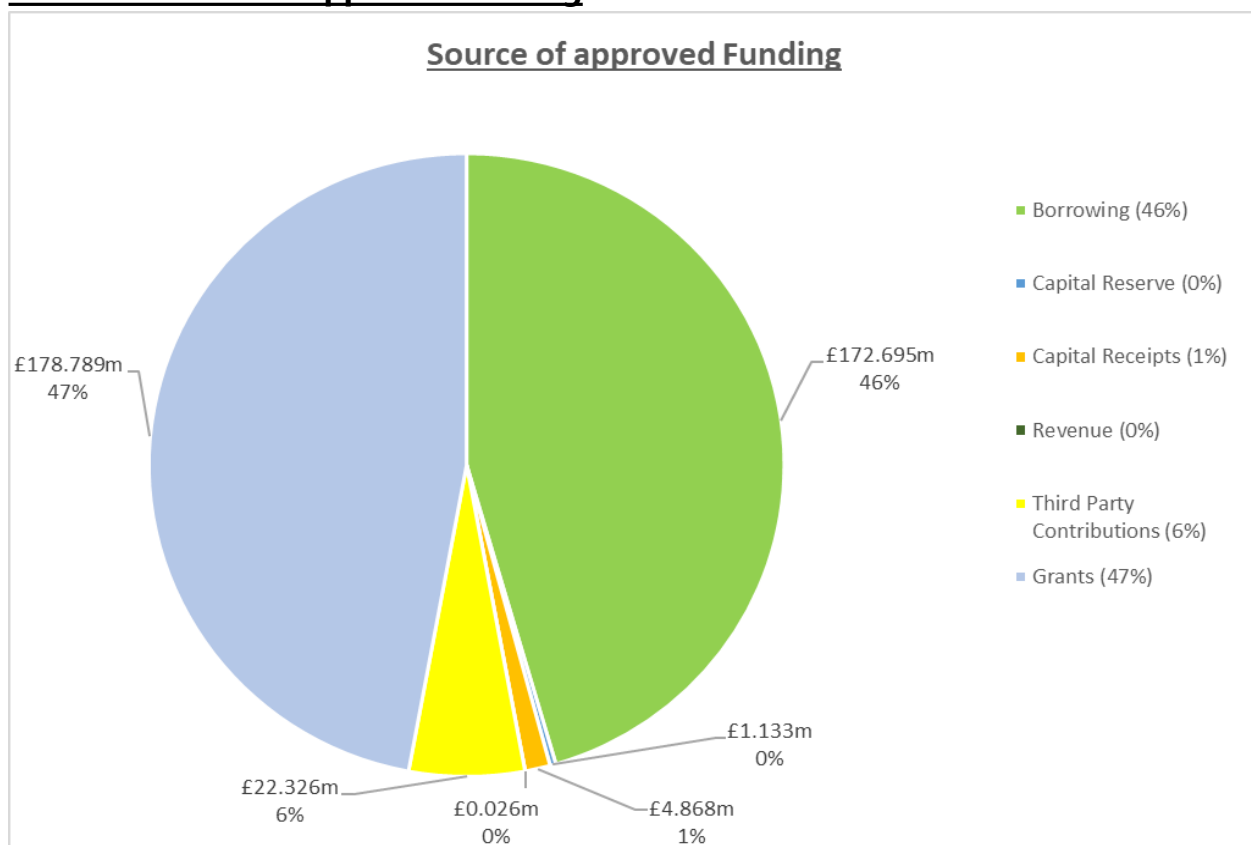
Table 1. Budget Summary by Service Area

Service Area	A	B	(A - B) = C	D	(D-C) = E
	Approvals as at end Sept 2019	Expenditure incurred to 31/03/19	Remaining approval from 01/04/2019	Forecast Expenditure	Net (favourable) / adverse
	£m	£m	£m	£m	£m
Schools - Primary and Secondary Sector	213.434	76.375	137.059	137.088	0.029

Local Enterprise Partnership	147.077	87.914	59.163	59.163	0.000
Economic Development	126.189	79.461	46.728	46.727	(0.001)
Highways Engineering Projects	97.236	59.518	37.718	37.938	0.220
Highways and Traffic Management	96.957	55.306	41.651	40.984	(0.667)
Support Services	36.914	21.244	15.670	14.725	(0.945)
Somerset Waste Partnership	24.510	0.000	24.510	24.554	0.044
Early Years and Community Services	14.793	3.252	11.541	11.415	(0.126)
Flood and Water	10.310	10.287	0.023	0.023	0.000
Schools - SEN and Access	6.807	3.888	2.919	2.920	0.001
Other Services	14.198	9.608	4.590	4.300	(0.290)
	788.425	406.853	381.572	379.837	(1.735)

1.4 The capital programme is funded by various sources, summarised as follows:

Table 2. Sources of Approved Funding



There have been some movement in funding sources since quarter 1 and these are reported in **section 4**.

2. Active approvals

- 2.1** The Council monitors the total capital schemes that have been approved in past years: known as active approvals. As at 31st July 2019 these stood at £788.885m. In this quarter the total approval has reduced to £788.425m due to the various movements detailed in **Appendix A** of this report.
- 2.2** The Director of finance (known as the S151 Officer) has 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.
- 2.3** There has been one virement undertaken during the second quarter. Virements are the movement of approvals between budget lines. Virements are examined to identify their purpose; they do not require formal ratification by members as they are classed as technical changes. The virements have been undertaken to enable the effective management of generic approvals by creating individual projects as detailed proposals are developed and cost estimates become available. These do not change the overall funding budget of the programme. Details of the virement can be found within **Appendix A**.
- 2.4** Also reported within the Technical Changes for this quarter is movement of £1.814m of approvals from Schools Primary and Secondary to Early Years and Community Services. This is to correct an issue within our reporting structure identified earlier in the year.

3. Forecast against budget and expenditure profile

- 3.1** At the end of September 2019 services were forecasting future expenditure of £379.837m, as detailed in **Appendix B**, against the remaining approval of £381.572, over the current and subsequent four financial years. This forecast gives an expected favourable variance of £1.735m.
- 3.2** The following table shows the movement of the overall favourable variance from what was forecast last quarter, after allowing for any movement in approvals during this quarter. A positive value indicates an adverse movement and a negative value indicates a favourable movement.

Table 3. Movement in Forecasts from Qtr. 1

	Remaining programme approval	2019/20 Qtr. 1+1		2019/20 Qtr. 2		Movement from the last quarter
		Total forecast spend @ 31/07/2019	Net (favourable) / adverse	Total forecast spend @ 30/09/2019	Net (favourable) / adverse	
Service Area	£m	£m	£m	£m	£m	£m

Schools - Primary and Secondary Sector	137.097	137.085	(0.012)	137.088	(0.009)	0.003
Local Enterprise Partnership	59.163	59.163	0.000	59.163	0.000	0.000
Economic Development	46.728	46.728	0.000	46.727	(0.001)	(0.001)
Highways Engineering Projects	37.718	37.937	0.219	37.938	0.220	0.001
Highways and Traffic Management	41.651	41.032	(0.619)	40.984	(0.667)	(0.048)
Support Services	15.670	15.011	(0.659)	14.725	(0.945)	(0.286)
Somerset Waste Partnership	24.510	24.510	0.000	24.554	0.044	0.044
Early Years and Community Services	11.503	11.415	(0.088)	11.415	(0.088)	0.000
Flood and Water	0.023	0.023	0.000	0.023	0.000	0.000
Schools - SEN and Access	2.919	2.919	0.000	2.920	0.001	0.001
Other Services	4.590	4.395	(0.195)	4.300	(0.290)	(0.095)
	381.572	380.218	(1.354)	379.837	(1.735)	(0.381)

3.3 The main movements in the adverse or favourable variances are commented as follows:

- Highways and Traffic Management – an increase in the anticipated favourable variance of £0.048m. This is due to a scheme at South Petherton Hospital being no longer achievable. Alternative uses for the funding are being investigated by the service.
- Support Services– an increase in the anticipated favourable variance of £0.286m. This is due to a revised forecast from ICT indicating less resource is being used on capital projects than originally anticipated.
- Somerset Waste Partnership – a change in forecast from a balanced position to an adverse variance of £0.044m. This is due to improved environmental options becoming available, increasing the cost of some vehicles (Electric Bin Lifts).
- Other Services– an increase of the anticipated favourable variance of £0.095m. This is due to reporting a favourable variance within Adult Social Care against old approvals for the Adults ICT Transformation. The service has not provided any forecast for this approval therefore it has been assumed it is no longer required.

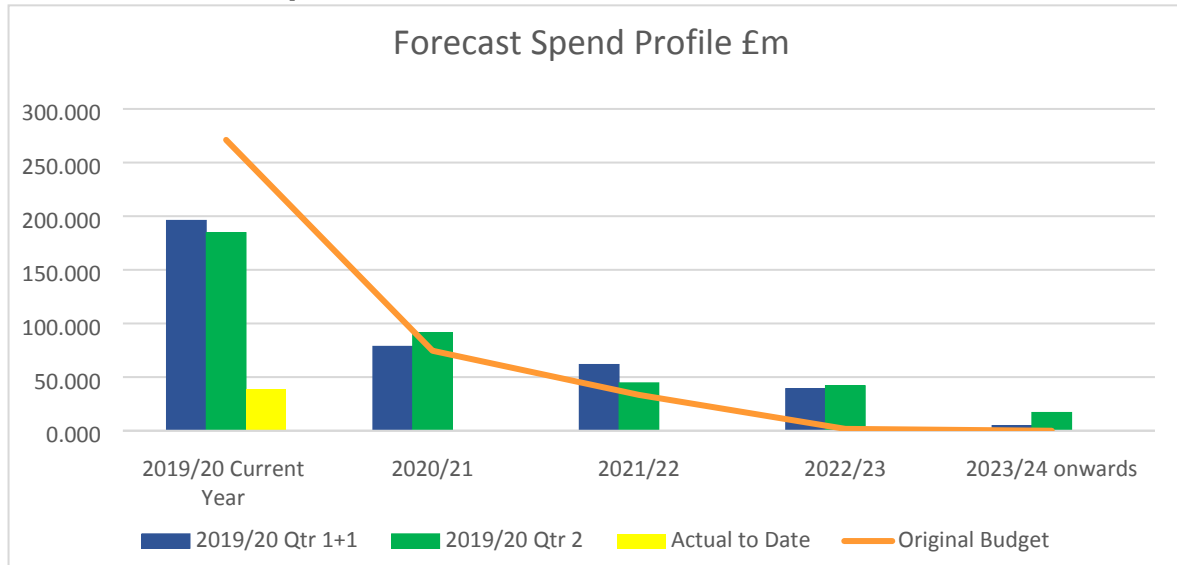
3.4 A more detailed look at the overall adverse and favourable variances within the capital programme can be found in **Appendix C**.

3.6 As the capital programme spans multiple years, services are required to provide a forecasted

spend profile for the current plus 4 years. This allows us to undertake budget monitoring and programme management which in turn allows us to adequately plan the availability of funding resources.

3.7 The latest spend profile compared to the previous quarter is set out below follows:

Table 4. Forecast Spend Profile



Appendix D shows the forecasted spend and reasons for movements.

3.8 Forecasting capital expenditure levels is particularly difficult due to the reliance on contractor activity, the weather and capacity within the Council’s providers to design and support the programme. The actual programme is also only fully developed later in the financial year as individual projects are finalised and specifically programmed from the generic programmes. Clearly it is only at this stage that a realistic estimate of the timing of expenditure can be made.

3.9 This overview of the Capital Programme indicates that the programme is being managed proactively by services within the resources that they have available. Commitments are not being entered into without an available budget and generic approvals are being managed as costs become more certain and the programme of work adjusted accordingly. However, there remains a need to fully scrutinise the forecasts received in order to be certain of their accuracy as we head further into the financial year. Finance will also be undertaking further work with Services to challenge forecasts in order to provide senior managers and members with reassurance on the accuracy of forecasts.

4 Funding

This section provides an update on the funding of the capital programme over the coming five years. **Appendix A** provides reference to the movements in the funding detailed below.

4.1 Capital Receipts

- 4.1.1** The capital programme has planned expenditure of £4.868m (no change from the last quarter) to be funded by capital receipts.
- 4.1.2** Capital Receipts are the sums received from the sale of assets where the proceeds exceed £0.010m. Net useable receipts received up to September 2019, after taking into account the costs of sale, amounted to £1.629m. Current estimates based on progressing sales indicate £7.677m might be realised from sales by the end of the financial year. Realising this sum will however depend on circumstances outside the direct control of the County Council including the wider economic outlook and third parties. It could also be compromised if any of the properties are the subject of a Community Asset Transfer application.
- 4.1.3** During 2019/20, the Council plans to continue to use the flexibility permissible by the Government to fund qualifying revenue costs of service reform and transformation from capital receipts to the value of £2.346m.

4.2 Grants

- 4.2.1** The capital programme has planned expenditure of £178.789m (£175.693m reported in the last quarter) to be funded by capital grants.
- 4.2.2** The Council submitted a Housing Infrastructure bid for £93m to Homes England in March 2019. Homes England are currently in the process of reviewing bids, seeking further information where needed, and arranging some site visits. It is anticipated that any announcement on successful bids will be made towards the end of 2019.

4.3 Contributions (S106 / CIL / Other)

- 4.3.1** The capital programme has planned expenditure of £22.326m (£25.839m reported in the last quarter) to be funded by capital contributions from third parties e.g. property developers.
- 4.3.2** As part of the move towards reporting a full capital programme, we are in the process of adding the known approvals for all contribution funded schemes. In previous years, contribution approval was only added when the income had been received. As more contributions are received, this reduces the need for SCC resourced funding.
- 4.3.3** Future quarterly reports to update members on the position of contributions, to highlight where funding is not secured and therefore the council is potentially cash flowing/ underwriting until the funding is in place. This will include a new appendix to RAG status contributions, as below:

- Red – Unsecured/ unsigned agreements;
- Amber – Secured/ signed agreements but funding yet to be received;

- Green – Agreement in place and funding received.

Work is continuing to collate this information in the right format to enable consistent reporting across the council.

4.4 Borrowing

4.4.1 The capital programme is approved fully funded. This means that the Council have approved the use of borrowing to ensure that resources are available to enable delivery of the capital programme. However, it is not anticipated all the borrowing approved is expected to be taken and where possible other external sources of funding are being sought. For example, the Housing Infrastructure bid to Homes England.

4.4.2 The capital programme has planned expenditure of £172.695m (£173.124m reported in the last quarter) to be funded by borrowing.

4.4.3 External borrowing stands at £324.5m. The cost implications of this borrowing are factored into the revenue MTFP. The current annual cost of borrowing is budgeted to be £19.187m.

4.5 Capital Fund

4.5.1 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. This reserve is a revenue reserve held for specific capital contingency. The current balance held is £2.548m.

4.5.2 The current commitments to this reserve total £1m. This is cashflow for the M5 J25 Scheme.

4.5.3 If significant in year requirements are identified and the funding cannot be met from existing resources, it is possible that the Council would need to consider external borrowing to fund the requirements 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. The Capital Fund is held to mitigate the likelihood or impact of this possibility.

5. Request for transfer of funding

5.1 In March 2017, a Member Key decision was taken to “agree that the £3.859m productivity investment fund grant (DfT) for 17/18 financial year is allocated towards providing additional spend on highway structural maintenance, additional spend on the major transport schemes programme, and spend on a public transport smart ticketing project, with the precise value of the allocation to each programme or project determined by the Director and Lead Commissioner for Economic and Community Infrastructure.”

As part of the grant terms and conditions, SCC had to publish the allocations on their website. The allocations were as follows:

Project/ Programme	Indicative allocation from the productivity investment fund 17/18
Highway resurfacing programme	£0.5m
Major schemes programme	£3m
Public transport smart ticketing project	£0.359m
Reserve Programme	
Traffic signals replacement programme	£0m
TOTAL	£3.859m

The majority of this funding has been utilised but there is £0.057m left within the Public Smart Ticketing project. The service would like to use £0.040m to fund a new Fleet Management System. The grant can be used for this project as it still allows for improvements to public transport networks. The remaining £0.017m will be used to complete the Smart Ticketing project.

Members are requested to approve the virement of £0.040m of grant funding from Public Transport Smart Ticketing project to the New Fleet Management System project.

Following approval from members, the SCC website will be updated to reflect the change in use for this funding.

6. Options considered and reasons for rejecting them

6.1 There are no alternative options presented within this paper.

7. Background papers

- 7.1**
- 2019-20 Quarter 1 Capital Budget Monitoring Report to Cabinet – September 2019
 - 2019/20 Capital MTFP Report to Full Council – February 2019

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Cabinet

- 13 November 2019

Capital Investment Programme Approvals

Col 1	Col 2	Col 3	Col 4		Col 5		Col 6	Col 7
			Approval Amendments					
Row No.	Service Area	Approvals as at end of July 2019	New Schemes Aug to end Sept	N O T E S	Alterations to Existing Schemes	N O T E S	Technical Changes	Approvals as at end Sept 2019
		£m	£m		£m		£m	£m
1	Schools - Primary and Secondary Sector	217.072			-1.514	1	-2.124	213.434
2	Local Enterprise Partnership	147.077						147.077
3	Economic Development	126.189						126.189
4	Highways Engineering Projects	97.081			+0.155	2		97.236
5	Highways and Traffic Management	95.504			+1.453	3		96.957
6	Support Services	36.908			+0.006	4		36.914
7	Somerset Waste Partnership	24.510						24.510
8	Early Years and Community Services	12.669					+2.124	14.793
9	Flood And Water	10.310						10.310
10	Schools - SEN and Access	7.122			-0.315	5		6.807
11	Other Services	14.443			-0.245	6		14.198
12	TOTAL	788.885			-0.460			788.425

Notes:

1. Schools – Primary and Secondary Sectors (-£1.514m)
This figure relates to the removal of duplicated S106 Contribution approval.
2. Highway Engineering Projects (+£0.155m)
This figure relates to the addition of Contribution approval secured through the Hinkley Point C Community Impact Mitigation fund for a Traffic Calming Scheme in Cannington.

3. Highways and Traffic Management (+£1.453m)

This figure comprises of:

- +£1.155m of contribution approval from EDF Energy to be spent on Safety Schemes within the Bridgwater area;
- +£0.298m of grant approval for an Intelligent Transport System.

4. Support Services (+£0.006m)

This figure relates to the addition of revenue funding for phase two of the lift installation works at Dillington House as part of the SCIL works.

5. Schools SEN and Access (-£0.315m)

This sum relates to the removal of Schools Access funding to match the revised grant figures.

6. Other Services (-£0.245m)

This sum relates to the removal of contribution funding for the Maples Centre which has been transferred across to Discovery.

Members should note that within the Technical changes column (col 5) there were a number of changes to the reporting structure of the Capital Programme, resulting in the movement of approval between Early Years and Schools. This ensures that we are reporting the correct figures within our programme headings and any central government returns.

Cabinet

- 13 November 2019

Forecast Expenditure for 2019/20 and Future Years

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	<i>Col 6</i>	<i>Col 7</i>
Service Area	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m	Total
Schools - Primary and Secondary Sector	43.996	40.653	25.186	25.522	1.731	137.088
Local Enterprise Partnership	47.916	11.247				59.163
Economic Development	6.416	6.395	9.045	12.000	12.871	46.727
Highways Engineering Projects	19.361	17.219	1.358			37.938
Highways and Traffic Management	36.111	4.142	0.731			40.984
Support Services	10.349	2.837	0.740	0.799		14.725
Somerset Waste Partnership	16.540	4.638	3.376			24.554
Early Years and Community Services	0.668	2.577	3.321	2.870	1.979	11.415
Flood And Water	0.023					0.023
Schools - SEN and Access	0.517	0.634	0.700	0.700	0.369	2.920
Other Services	2.805	1.087	0.209	0.099	0.100	4.300
TOTAL	184.702	91.429	44.666	41.990	17.050	379.837
Financing						
Borrowing	59.218	50.547	30.293	29.715	2.922	172.695
Capital Reserve	1.133					1.133
Capital Receipts	1.977	1.516	1.375			4.868
Revenue	0.026					0.026
Third Party Contributions	10.970	2.536	7.140	0.082	1.598	22.326
Grants	111.378	36.830	5.858	12.193	12.530	178.789
Leasing						
TOTAL	184.702	91.429	44.666	41.990	17.050	379.837

Cabinet

- 13 November 2019

Net projected adverse or favourable variances as at 30 September 2019

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	
Service Area	Approvals Position as at end September 2019 £m App A Col 7	Predicted Adverse Variance £m	Predicted Favourable Variance £m	+Over/- Under spend as % of Approval Col 3 or 4/Col 2	NOTES
Schools - Primary and Secondary Sector	213.434		-0.008	-0.00%	1
Local Enterprise Partnership	147.077				
Economic Development	126.189				
Highways Engineering Projects	97.236	+0.220		0.23%	2
Highways and Traffic Management	96.957		-0.668	-0.69%	3
Support Services	36.914		-0.944	-2.56%	4
Somerset Waste Partnership	24.510	+0.044		0.18%	
Early Years and Community Services	14.793		-0.089	-0.60%	5
Flood And Water	10.310				
Schools - SEN and Access	6.807				
Other Services	14.198		-0.290	-2.04%	6
TOTAL	788.425	+0.264	-1.999	-0.22%	

Notes – Summarised below are details of the key items (adverse or favourable variances greater than £0.050m) contributing towards the £1.735m forecasted favourable variance reported in the above table.

- This sum comprises of the following:
 - £4.600m favourable variance of borrowing against Schools Basic Need;
 - £0.600m adverse variance of borrowing against Somerton King Ina School;

- £1.000m adverse variance of borrowing for Bridgwater College Academy;
- £3.000m adverse variance of borrowing against Bridgwater New Special School.

Members should note that within the quarter one report, we mentioned the above was subject to a decision paper to vire approval between the projects. This decision was published on the 3rd October 2019 and will be reflected in the quarter three report.

2. This sum comprises of the following:
 - £0.198m adverse variance of approval for Taunton NIDR.
3. This sum comprises of the following:
 - £0.527m favourable variance of grant for Yeovil Eastern Corridor;
 - £0.078m favourable variance of contributions for Bridgwater Hospital Roundabout.
4. This sum comprises of the following:
 - £0.901m favourable variance of borrowing for Corporate ICT Investment.
5. This sum comprises of the following:
 - £0.089m favourable variance of capital receipts for Brock House Children's Centre.
6. This sum comprises of the following:
 - £0.116m favourable variance of borrowing for Fleet Management;
 - £0.080m favourable variance of grant for Bridgwater and Taunton Canal;
 - £0.064m favourable variance of grant for Transforming Adult Social Care;
 - £0.056m adverse variance of approval for Somerset Rural Life Museum.

Cabinet

- 13 November 2019

Movements in Forecast Expenditure during Quarter 2

<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	<i>Col 6</i>
Service Area	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
<u>Forecast Expenditure Movements</u>					
TOTAL as at end July	195.798	87.057	54.440	38.886	4.497
Schools - Primary and Secondary Sector	-4.152	+1.339	-0.117	-0.360	-0.305
Local Enterprise Partnership	-5.421	+5.421			
Economic Development		-4.614	-10.339	+2.432	+12.521
Highways Engineering Projects	+0.222	-0.067			
Highways and Traffic Management	+1.061	+0.344			
Support Services	-0.208	-0.920	+0.153	+0.695	
Somerset Waste Partnership	-1.940	+1.988	-0.005		
Early Years and Community Services	+0.180	+0.783	+0.449	+0.337	+0.337
Flood And Water					
Schools - SEN and Access	-0.315				
Other Services	-0.523	+0.098	+0.085		
TOTAL as at End September	184.702	91.429	44.666	41.990	17.050
<u>Financing Movements</u>					
TOTAL as at end July	195.798	87.057	54.440	38.886	4.497
Borrowing	-2.784	+1.182	+0.478	+0.695	
Capital Reserve					
Capital Receipts					
Revenue	+0.006				
Third Party Contributions	-0.845	+0.231	-2.909	-0.198	+0.207
Grants	-7.473	+2.959	-7.343	+2.607	+12.346
Leasing					
TOTAL as at End September	184.702	91.429	44.666	41.990	17.050

Appendix D 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	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	DFCG Grant	-0.873	+0.873			
2	New Bridgwater Primary School	-0.295	+0.295			
3	Generic Schools Basic Need	-0.063	-0.031	+0.095		
4	Castle Cary Primary School	-1.233	+0.025	+0.471		+0.737
5	Yeovil, Keyford New Primary School	-0.238				+0.238
6	Taunton Bishop Fox's	-1.019	+0.797	+0.222		
7	Schools Condition	-0.040	+0.083	-0.043		

1. **Devolved Formula Capital Grant (DFCG)** – This is grant awarded by the DfE to schools for small scale capital projects. It is difficult to ascertain an accurate forecast against this due to the number of schools involved. Forecasts are based on previous year's trends compared against the current year's expenditure.
2. **New Bridgwater Primary School** – Revised forecast to reflect the additional S106 funding.
3. **School Basic Need** – The profile of spend has been revised following the latest School population forecasts.
4. **Castle Cary Primary School** – The profile of spend has been revised following the latest School population forecasts.
5. **Yeovil Keyford New Primary School** – The profile of spend has been revised following the latest School population forecasts.
6. **Taunton Bishops Fox's School** – The project has experienced a delayed start to Ecological issues (Badger Setts) which need to be relocated prior to works commencing.
7. **Schools Condition Programme** – A condition project at Wellsprings School has been deferred for delivery until Summer 2020.

Local Enterprise Partnership

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	LEP	-5.421	+5.421			

- Local Enterprise Partnership** – Some slippage in the forecast as a result of external organisations revising their spend profiles. There are ongoing discussions between SCC and the LEP regarding the accuracy of some forecasts.

Economic Development Projects

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Broadband Phase 2(a)		-4.614	-10.339	+2.432	+12.521

- Broadband Phase 2(a)** – The contractor fell into default on their contracts which have now been cancelled. As a result, the programme will now be delayed as re-procurement takes place and a new contractor appointed.

Highway Engineering Projects

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	M5 J25	+0.067	-0.067			

- M5 Junction 25** – Small acceleration in spend has been forecasted as the scheme progresses and the contractor continues to refresh the programme of scheduled works.

Highways and Traffic Management

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Vehicle Incursions to Network Rail Infrastructure	-0.120	+0.120			
2	Bridge Structures	+0.552	-0.552			
3	Traffic Signals	-0.458	+0.458			
4	Minor Traffic Management	-0.130	+0.130			
5	Small Improvement Schemes	-0.220	+0.220			

1. **Vehicle Incursion to Network Rail Infrastructure** – These works are driven by Network Rail and are largely outside the control of our Bridges Team. It is envisaged that a small amount of expenditure will be incurred this year.
2. **Bridge Structures** – The service is still in the process of awarding a contract for major works but are optimistic this will be done in the next few months, allowing for works to take place in the later part of this year. The service is expecting to be able to provide a more confident forecast at Quarter Three.
3. **Traffic Signals** – A delay in the capital works is as a result of the framework contract not being in place due to resource issues within Commercial and Procurement and Legal Services. Works are expected to start in April 2020.
4. **Minor Traffic Management** – Slippage due to a lack of resources available within the team to order works.
5. **Small Improvement Schemes** – Programme of works has slipped slightly but is expected to be completed within the overall time frame of March 2021.

Support Services

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Corporate Property	-0.078	+0.078			
2	A Block Priority 1 Improvements	+1.270	-1.256	-0.014		
3	Corporate ICT Investment	-0.286				
3	Somerset Outdoor Residential Learning Service	-1.110	+0.253	+0.162	+0.695	

1. **Corporate Property** – Potential works at Bridgwater Library have been delayed due to an associated unsuccessful external funding bid for other improvements (see Other Services section below).
2. **A Block Priority Improvements** – Following confirmation of the contract sum and programme with the main contractor, we now have a

more accurate profile of expenditure. The service is confident we should see a greater level of spend in the current year than the more cautious estimate provided at quarter 1.

3. **Corporate ICT Investment** – Reduced forecast due to some of the programme of works now being treated as revenue in nature, along with a reduction in staff resource being capitalised.
4. **Somerset Outdoor Residential Learning Service** – A revised forecast has been provided by the service based upon the current programme of works and expected completion dates.

Somerset Waste Partnership

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Somerset Waste Partnership	-1.940	+1.988	-0.005		

1. **Somerset Waste Partnership** – The change in forecast is due to a shift in delivery dates for some of the new vehicles. Although the actual shift is only by a few weeks, the timing of the original date means the revised date now falls within the next financial year.

Other Services

N O T E S	Project	Current Year £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 onwards £m
1	Library Service Redesign	-0.098	+0.013	+0.085		
2	Transforming Adult Social Care	-0.064				
3	Rights of Way	+0.079	-0.079			

1. **Library Service Redesign** – As work continues to be programmed it is now likely that some building works original scheduled to start at the end of this financial year will now commence in early 2020/21.
2. **Transforming Adult Social Care** – This relates to unspent approval on an historical ICT bid within Adult Social Care. As there are no current plans for the remaining approval, the forecast has been removed and the approval can either be considered for reallocation or removal from the capital programme.
3. **Rights of Way** – Small acceleration in spend projected as more works are expected to be commissioned in year.

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 is not included in the current Cabinet Forward Plan, is to be considered by the Cabinet on Wednesday 13th November 2019:

2019/20 Capital Budget Monitoring – Quarter 2 (Month 6) Report

Contact Officer:

Sheila Collins – Interim Finance Director
Sdcollins@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

05/11/29
Scott Wooldridge
Monitoring Officer

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

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Treasury Management Mid-Year Outturn Report 2019-20

Cabinet Member(s): Cllr Mandy Chilcott - Cabinet Member for Resources

Local Member(s) and Division: All

Lead Officer: Sheila Collins, Interim Director of Finance

Author: Alan Sanford, Principal Investment Officer

Contact Details: 01823 359585/6 alsanford@somerset.gov.uk

1. Summary / Background

- 1.1.** This report is for information only. It gives a summarised account of Treasury Management activity and outturn for the first half of the year and ensures Somerset County Council (SCC) is embracing Best Practice in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) recommendations.

Gross investment balances stood at £234m on 30th September yielding an average rate of return of 1.10% as at that date. This figure includes approximately £60.1m of cash managed on behalf of the Local Enterprise Partnership (LEP), and £8.0m of other external bodies (e.g. Exmoor National Park (ENP), and South West Councils (SWC).

During the six months, gross investment balances averaged £224.7m (£165.2m net of funds held for others), yielding 1.12% for the period including the CCLA Property Fund. The cash return (net of Property Fund) of 0.98% was 0.15% higher than the 12-month LIBID rate (a benchmark rate at which Banks will lend to each other).

Income (net of that apportioned to the LEP and external bodies) of approximately £1,026,380 has been earned in the period, against anticipated income of £764,000.

The cost of carry associated with long term borrowing compared to temporary investment returns means that a passive borrowing strategy, borrowing funds as they are required has been most appropriate. No new borrowing has been taken during the period, and due to timing of spending and changes to the Capital Plan, it is not currently envisaged that any will be taken in the second half of the year.

All Treasury activities undertaken have been in full compliance with relevant legislation, codes, strategies, policies and practices.

2. Recommendations

- 2.1. That the Cabinet endorses the Treasury Management Mid-Year Report for 2019-20 and recommends it is received and endorsed by Full Council at the next sitting of Full Council.**

3. Reasons for recommendations

- 3.1** The Local Government Act 2003 requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services. The Code requires Full Council to receive as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close. This is the mid-year review for 2019-20.

4. Other options considered

- 4.1.** Not applicable

5. Links to County Vision, Business Plan and Medium-Term Financial Strategy

- 5.1.** Effective Treasury Management provides support to the range of business and service level objectives that together help to deliver the Somerset County Plan.

6. Consultations and co-production

- 6.1.** None

7. Financial and Risk Implications

- 7.1.** There are no specific risks associated with this outturn report. The risks associated with Treasury Management are dealt with in the Annual Treasury Management Strategy, Annual Investment Strategy, and Treasury Management Practice documents.

8. Legal and HR Implications

- 8.1.** None.

9. Other Implications

9.1. Equalities Implications

None.

9.2. Community Safety Implications

None.

9.3. Sustainability Implications

None.

9.4. Health and Safety Implications

None.

9.5. Health and Wellbeing Implications

None.

9.6. Social Value

Not applicable

10. Scrutiny comments / recommendations:

10.1. The Audit Committee is the nominated body to provide scrutiny for Treasury Management.

11. Background

11.1. Economic Background

UK Consumer Price Inflation (CPIH) fell to 1.7% year-on-year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

Quarter 2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on an outcome for Brexit.

After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, from 0.83% to 0.55% and from 1.35% to 0.88% respectively.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

As gilt yields have a direct correlation to Public Works Loan Board (PWLB) the downward movements in PWLB borrowing rates can be seen in Tables 2 and 3 in Appendix A.

London Interbank Bid (LIBID) rates based on the Intercontinental Exchange London Interbank Offered Rate (LIBOR) fixings show that there was significant downward movement in rates from April to the end of September. The slowdown in global trade, and rate cuts in Europe and the US meant that markets were expecting further reductions. This view was

enhanced after Boris Johnson was elected leader of the Conservative Party and a no-deal Brexit appeared more likely.

6-month and 12-month rates were the most volatile, with a high to low difference of 0.18% and 0.29% respectively. Most periods closed on or close to year-to-date lows and had reduced by 0.01%, 0.09%, 0.13%, and 0.17% respectively over the period. 1-month, 3-month, 6-month, and 12-month LIBID rates averaged 0.60%, 0.66%, 0.73%, and 0.83% respectively over the period.

Rates paid by banks to Local Authorities have continued to be volatile and non-uniform, being based on individual institutions' wholesale funding requirements at any given time.

The effect that economic conditions had on money market rates during the period, can be seen in Table 1, Appendix A.

11.2. Debt Management

The Council's need to borrow for capital purposes is determined by the capital programme. Council Members are aware of the major projects identified by the 4-year capital medium-term financial plan (MTFP) where the capital strategy forecast £196m of expenditure during 2019/20. £65m was identified for highways maintenance, major engineering and traffic management; £57m for the delivery of schools' basic need; £53m for Local Enterprise Partnership and Economic Development projects; and £22m for other programmes. Much of this was to be funded by a combination of grant, contributions and capital receipts. Although timings of capital expenditure may not be totally predictable, it was envisaged that potentially, borrowing of up to £91m may have been necessary.

Changes to the capital plan, and slippage, mean this has changed during the year, with the quarter 1 capital spend to be funded by borrowing, now forecast to be £62m.

The cost of carry associated with long term borrowing compared to temporary investment returns means that a passive borrowing strategy, borrowing funds as they are required has been most appropriate. The benefits of this strategy have been monitored and weighed against the risk of shorter-term rates rising more quickly than expected. No new borrowing has been taken during the period, and due to timing of spending and changes to the Capital Plan, it is not currently envisaged that any will be taken in the second half of the year.

The cash flow of the Council has been carefully managed so that there is no need for additional external borrowing to fund the Capital Programme during 2019-20. This has resulted in a favourable variance of £0.65m due to no additional interest charges that were assumed when the budget was

set.

The overall rate paid on loans remained unchanged for the PWLB portfolio of £159.05m, at 4.59%. The average Market Loan rate at 30th September (LOBOs + Barclays, total £165.5m) was also the same as at 31st March, at 4.74%. The combined average rate was 4.66% on £324.55m.

As there has been no change to the PWLB portfolio during the period, the average weighted maturity as at 30th September had decreased by six months to 24.7 years. The average duration of all Market Loans dropped to 32.5 years from 33.

11.3. Investment Activity

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Security of capital remained the Council's main investment objective. This was achieved by following the counterparty policy as set out in the Annual Investment Strategy, and by the approval method set out in the Treasury Management Practices. Counterparties having approval for use during the period are listed in **Table 1** below. Those used during the first half of the year are denoted with a star.

Table.1 - Approved Counterparties

Bank or Building Society			
Australia & NZ Bank	*	Lloyds Bank	*
Bank of Montreal		National Australia Bank	
Bank of Nova Scotia		National Westminster	*
Bank of Scotland		Nationwide BS	
Barclays Bank Plc		Nordea Bank	
Canadian Imperial Bank of Commerce		OP Corporate Bank	
Close Brothers Ltd	*	Oversea-Chinese Banking Corp	
Commonwealth Bank of Australia		Rabobank	*
DBS Bank Ltd	*	Royal Bank of Scotland	
DZ Bank		Santander UK	*
Goldman Sachs Inv Bank	*	Standard Chartered Bank	*
Handelsbanken Plc		Toronto-Dominion Bank	*
HSBC Bank	*	United Overseas Bank	*
Landesbank Hessen-Thüringen			
Sterling CNAV Money			

Market Funds			
Goldman Sachs		Insight	*
Deutsche MMF		Standard Life	*
Invesco Aim	*	LGIM	*
Federated Prime Rate	*	Insight	*
JP Morgan	*	SSGA	*
Other Counterparties			
Debt Management Office		Other Local Authorities (13)	*
CCLA Property Fund	*		

SCC has continuously monitored counterparties, and all ratings of proposed counterparties have been subject to verification on the day, immediately prior to investment. Other indicators considered have been:

- 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.

11.4. Counterparty Update

There were minimal credit rating changes during the period. After completion of UK Banks' ringfencing and the subsequent upgrades for the ringfenced entities of National Westminster and RBS, these counterparties were reintroducing to the SCC lending list with a limited duration of 100-days.

Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ringfenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

In response to the overall worsening UK and global economic picture and the factors highlighted in the Economic Background at 1.1, the maximum duration for which deposits could be made was reduced for several counterparties, some from 6-months to 100-days, others from 13-months to 6-months.

Maturities for new investments with financial institutions on the Council's

list at 30th September are currently limited as follows: -

UK Institutions

Barclays Bank, Close Brothers Ltd, Goldman Sachs International Bank, National Westminster Bank, and RBS - **a maximum period of 100 days;** Bank of Scotland, HSBC Bank, Lloyds Bank, Nationwide Building Society, Santander UK, and Standard Chartered Bank - **a maximum period of 6 months;**

Non-UK Institutions

National Australia Bank - **a maximum period of 100 days.**
All other overseas banks on the lending list - **a maximum period of 6 months.**

UK Local Authorities

To diversify the portfolio, some deposits have been placed with UK Local Authorities. This allows for longer-dated maturities with excellent creditworthiness and an appropriate yield.

11.5. Liquidity

In keeping with the Ministry of Housing, Communities, and Local Government (MHCLG) guidance, the Council maintained a sufficient level of liquidity through the use of call accounts, Money Market Funds, and short-term deposits.

95 cash deposits totalling more than £436m were made during the first half of the year. SCC did not need to borrow short-term money during the first half of 2019-20.

11.6. Yield

Comfund

As at 30th September Comfund investment stood at £183m averaging just over £175m for the year-to-date. The Comfund vehicle, which consists mainly of SCC Capital, Revenue Reserves, and money held on behalf of the Local Enterprise Partnership (LEP), has an average return for the year-to-date of 1.03%, and has out-performed the benchmark by 0.28% as base rate has averaged 0.75% for the period. The weighted average maturity of the Comfund was approximately 4.6 months. This is the same as for this time last year. SCC, in holding on average approximately £52m of LEP money, has needed to retain more liquidity than normal, as forecasting and timing of LEP spending has been beyond its' control. With the possibility of rates going in either direction, a proportion of the portfolio has been lent to other

Local Authorities for up to a year to protect against a rate downturn. Bank notice accounts have also been used to provide better liquidity, and a higher rate than short-term deposits. The return of 1.03% is 30 basis points above the 6-month LIBID average of 0.73 and 0.20% above the 12-month LIBID average of 0.83%.

A total of over £904k (£666k net of that paid to the LEP and external bodies) has been earned in Comfund interest in the first six months of the year (£708k gross 2018-19). Comfund administration charges and other Treasury Management fees brought in approximately £67k of income in the period.

Revenue

Revenue interest has contributed a further £147k of income, with an average revenue balance (general monthly working capital) of just over £39.2m (£32.5m 2018-19), and an average return of 0.75%, 15 basis points above the average 1-month LIBID rate.

Property Fund

To 30th September the £10m invested in the Churches, Charities, Local Authorities (CCLA) Property Fund delivered an average net income yield of approximately 4.26%, £214,000 cash, or £164,000 more than if invested in cash. The level of this investment is kept under review, to see if advantage can be taken of this better rate on a larger sum. As per the Treasury Strategy for 2019-20, an appropriate level will be determined with reference to core balances and reserves.

Combined

Combined return for the period has been 1.12% on an average balance of £224.7m. This figure includes approximately £51.5m of cash managed on behalf of the Local Enterprise Partnership (LEP), and £8.0m of other external bodies (e.g. Exmoor National Park (ENP), and South West Councils (SWC). Total investment income was £1.265m (£1.026m net of external investors). This equates to a £1.29m per annum gross benefit of investing over the risk-free option, the Government Debt Management Office (DMO).

The combined gross return for the same period in 2018-19 was 0.91% on an average balance of £223m, or approximately £1.014m in monetary terms. The increase in rates achieved is in part due to locking into longer-term deposits at the end of the last financial year when a possible rise in base rate and elevated levels paid by Local Authorities boosted the market. Average balances remained similar to the previous year.

Figures below highlight investment balances and returns over the period - **Table 2**, investment balances by type – **Table 3**, and a breakdown of

investment balances by source – **Table 4:** -

Table.2 – Investment figures and returns for period

	Balance 31 March 2019 £m	Rate of Return at 31 March 2019 %	Balance as at 30 Sept 2019 £m	Rate of Return at 30 Sept 2019 %	Average Balance April to Sept £m	Average Rate April to Sept %
Short- Term Balances (Variable)	34.93	0.79	41.00	0.74	39.25	0.75
Comfund (Fixed)	150.00	1.03	183.00	1.00	175.41	1.03
CCLA Property Fund	10.00	4.35	10.00	4.43	10.00	4.26
Total Lending	194.93	1.16	234.00	1.10	224.66	1.12

Table.3 – Investment balances by type

	31 March 2019 £m	30 Sept 2019 £m	Change £m
Money Market Funds	34.93	41.00	+6.07
Notice Bank Accounts	25.00	75.00	+50.00
Time Deposits – Banks	77.00	58.00	-19.00
Time Deposits – LAs	48.00	50.00	+2.00
CCLA Property Fund	10.00	10.00	+0.00
Total Investments	194.93	234.00	+39.07

Table.4 – Breakdown of investment balances by source

	31 March 2019 £m	30 Sept 2019 £m	Change £m
ENPA / SWC	0.11	-0.05	-0.16
Organisations in the Comfund	7.48	8.10	+0.62
LEP	35.25	60.11	+24.86
Total external	42.84	68.16	+25.32
SCC	152.09	165.84	+13.75
Total	194.93	234.00	+39.07

11.7. Icelandic Investments Update - Current position

Landsbanki & Glitnir – As reported in the end of 2018-19 Treasury Management Outturn Report, SCC has concluded any interest that it had with these two banks.

Kaupthing, Singer & Friedlander – The estimated range for total dividends in the Administrator’s October 2018 report was revised upwards to a range of 86.5p to 87.0p in the pound.

A further dividend of £41,259.73 was received in June 2019, 86.15% of this claim having been paid to date. Future dividends will be paid subject to consultation with the Creditors’ Committee, and when the level of distributable funds makes it cost effective to do so.

In total, as at 30th September 2019 £23,282,566.36 had been recovered. The shortfall of £1.72m from the original investment was written off back in 2008-09.

11.8. Compliance and Prudential Indicators

All treasury management activities undertaken during the first 6-months have complied fully with the CIPFA Code of Practice and the Councils approved Treasury Management Strategy.

During the period the South West Audit Partnership (SWAP) conducted an audit of the Treasury Management function. It awarded the best possible outcome, ‘Substantial Assurance’, as quoted below.

“We can offer substantial assurance as the areas reviewed were found to be

adequately controlled. Internal controls are always in place and operating effectively and risks against the achievement of objectives are well managed”.

SCC has continuously proactively assessed and implemented mitigation for the risks that have materialised in the new investment environment. Controls/procedures are constantly being assessed and introduced/adapted where needed and embedded into practices to further mitigate risks to SCC investment and borrowing portfolios.

SCC has complied with its Prudential Indicators for 2019-20. Those indicators agreed by Full Council and actual figures as at 30th September are included below:

	2019-20	As at 30-09
	£m	£m
Authorised limit (borrowing only)	487	333
Operational boundary (borrowing only)	457	333

Maturity structure of borrowing

	Upper Limit	Lower Limit	As at 30-09-19
Under 12 months	50%	15%	35.0%
>12 months and within 24 months	25%	0%	0.0%
>24 months and within 5 years	25%	0%	1.5%
>5 years and within 10 years	20%	5%	9.3%
>10 years and within 20 years	20%	5%	10.8%
>20 years and within 30 years	20%	0%	0.0%
>30 years and within 40 years	45%	15%	43.4%
>40 years and within 50 years	15%	0%	0.0%
50 years and above	5%	0%	0.0%

	2019-20	As at 30-09
	£m	£m
Prudential Limit for principal sums invested for periods longer than 365 days	100	23

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 (to be below target)	Target	Actual
Portfolio average credit rating (score)	A (6)	AA- (4.28)

CIPFA no longer recommends setting upper limits on fixed and variable rate exposures, so these are no longer calculated for this paper.

11.9. Outlook for Quarters 3 & 4

The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. There appears no near-term resolution to the trade dispute between China and the US, a dispute that the US appears comfortable exacerbating further.

The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically.

Prime Minister Boris Johnson has agreed a withdrawal deal with the EU and it was successfully backed in a Commons vote; However, the timetable for withdrawal was voted down and at time of writing, a further short-term extension was in the process of being agreed with the EU. The probability of a no-deal EU exit in the immediate term has decreased, although it cannot be entirely ruled out for 2019 and the risk of this event remains for 2020. The risk of a general election in the near term has, however, increased.

Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities.

With borrowing costs increasing and investment returns reducing, the Investment Strategy, also being presented at this meeting, is looking into the possibility of investing further in Pooled Funds.

Table 6 below shows a forecast for base rate to September 2022 and includes an assessment of the relative risks to it being maintained at 0.75%.

Table 6 – Base Rate forecast to 2022

	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21
Upside Risk	0.00	0.00	0.25	0.25	0.25	0.25
Base Rate	0.75	0.75	0.75	0.75	0.75	0.75
Downside Risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75

	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sept 22
Upside Risk	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	0.75	0.75	0.75	0.75	0.75	0.75
Downside Risk	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75

11.10. Revision to PWLB Lending Rates:

On 9th October HM Treasury, without warning, imposed a 1% premium on all loans from the PWLB. Within the letter to all Local Authority Chief Finance Officers, it cited the following

“Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is therefore restoring interest rates to levels available in 2018, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms”

“This restoration of normal PWLB lending rates will apply to all new loans with immediate effect. The Government will monitor the impact of this change and keep rates policy under review”

This will undoubtedly have a negative impact on the future borrowing costs of SCC. PWLB policy is being questioned by Local Authorities, particularly those that have been more prudent and pursued a strategy of internally borrowing to date. Whilst it is expected that other commercial lenders will enter the market with rates below that of the PWLB, the immediate effect of taking a £10,000,000 PWLB loan would be an extra £100,000 per annum.

11.11. Summary

In compliance with the requirements of the CIPFA Code of Practice this report provides Councillors with a summary report of the treasury management activity during the first six months of 2019-20. As indicated in this report all treasury activity was conducted within the benchmarks set as Prudential limits for prudent and sustainable capital plans, financing, and investment. A risk-averse approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Whilst the average duration of cash investments has been circa 4.6 months, the return of 0.98% (15 basis points above the period average 12-month LIBID rate) has been achieved on average balances of £224.7m, producing income of over £1m.

12. Background Papers

12.1. Treasury Management Strategy Statement and appendices.

Report Sign-Off

		Signed-off
Legal Implications	Tom Woodhams	04/11/19
Governance	Scott Woodridge	26/10/19
Corporate Finance	Sheila Collins	25/10/19
Human Resources	Chris Squire	31/10/19
Property	Paula Hewitt / Claire Lovett	
Procurement / ICT	Simon Clifford	04/11/19
Senior Manager	Stephen Morton	21/10/19
Commissioning Development	Vikki Hearn	
Local Member	All	
Cabinet Member	Cllr Mandy Chilcott - Cabinet Member for Resources	04/11/19
Opposition Spokesperson	Cllr Jane Lock	
Scrutiny Chair	Cllr Anna Groskop for Scrutiny Place	

Money Market Data and PWLB Rates

The average low and high rates correspond to the rates during the financial year-to-date, rather than those in the tables below.

Table 1: Bank Rate, Money Market Rates (LIBID Rates based on Intercontinental Exchange LIBOR rates)

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid
01/04/2019	0.75	0.55	0.57	0.60	0.72	0.83	0.93	0.97
30/04/2019	0.75	0.56	0.57	0.61	0.69	0.82	0.97	1.04
31/05/2019	0.75	0.56	0.58	0.60	0.67	0.75	0.87	0.87
30/06/2019	0.75	0.55	0.56	0.60	0.65	0.73	0.83	0.83
31/07/2019	0.75	0.54	0.56	0.59	0.65	0.69	0.73	0.66
31/08/2019	0.75	0.56	0.56	0.58	0.63	0.66	0.71	0.65
30/09/2019	0.75	0.54	0.57	0.59	0.63	0.70	0.76	0.65
Average	0.75	0.55	0.57	0.60	0.66	0.73	0.83	0.82
Maximum	0.75	0.56	0.58	0.61	0.72	0.83	0.98	1.06
Minimum	0.75	0.54	0.55	0.58	0.63	0.65	0.69	0.60
Spread	0.00	0.02	0.03	0.03	0.09	0.18	0.29	0.46

Table 2: PWLB Borrowing Rates – Fixed Rate, Equal Instalment of Principal (EIP) Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2019	129/19	1.65	1.73	2.06	2.38	2.56	2.61
30/04/2019	167/19	1.78	1.90	2.24	2.54	2.70	2.74
31/05/2019	209/19	1.57	1.61	1.92	2.24	2.43	2.50
28/06/2019	249/19	1.59	1.61	1.89	2.23	2.43	2.50
31/07/2019	295/19	1.40	1.41	1.72	2.10	2.33	2.42
30/08/2019	338/19	1.35	1.28	1.43	1.74	1.95	2.02
30/09/2019	380/19	1.34	1.26	1.48	1.79	1.97	2.03
	Low	1.27	1.20	1.34	1.64	1.85	1.93
	Average	1.55	1.58	1.84	2.16	2.34	2.41
	High	1.83	1.95	2.29	2.58	2.73	2.78
	Spread	0.56	0.75	0.95	0.94	0.88	0.85

Table 3: PWLB Borrowing Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2019	129/19	1.72	2.04	2.56	2.58	2.46	2.44
30/04/2019	167/19	1.88	2.22	2.69	2.71	2.61	2.58
31/05/2019	209/19	1.61	1.90	2.43	2.48	2.39	2.36
28/06/2019	249/19	1.61	1.88	2.43	2.49	2.40	2.36
31/07/2019	295/19	1.40	1.70	2.33	2.41	2.35	2.32
30/08/2019	338/19	1.29	1.41	1.94	2.01	1.91	1.88
30/09/2019	380/19	1.27	1.47	1.97	2.01	1.91	1.87
	Low	1.21	1.33	1.85	1.92	1.81	1.77
	Average	1.57	1.83	2.34	2.39	2.30	2.27
	High	1.93	2.27	2.73	2.75	2.65	2.61
	Spread	0.72	0.94	0.88	0.83	0.84	0.84

Heart of the South West Joint Committee – Governance

Cabinet Member(s): Cllr David Fothergill - Leader of the Council and Cabinet Member for Customers and Communities

Local Member(s) and Division: All

Lead Officer: Patrick Flaherty, Chief Executive

Author: Scott Wooldridge, Strategic Manager-Governance & Democratic Services

Contact Details: 01823 357628 or swooldridge@somerset.gov.uk

1. Summary / Background

- 1.1.** This paper provides an update on the Heart of the South West Joint Committee and the Council's role in supporting this key partnership committee.

Further documentation about the Committee is available on its website

<http://www.hotswjointcommittee.org.uk/>

Agendas/papers for its formal meetings can be accessed on Somerset County Council's website

<http://democracy.somerset.gov.uk/mgCommitteeDetails.aspx?ID=357>

- 1.2.** Similar reports are being considered by all Constituent Authorities on the Heart of the South West (HotSW) Joint Committee's governance arrangements and budgetary position for 2019/20. The report contains recommendations for amendments to the Committee's Arrangements document following a governance review.

2. Recommendations

- 2.1. It is recommended that the Cabinet:**

- (a) as a constituent member, approve the amendments (highlighted in italics) to the Heart of the South West Joint Committee's list of functions in the Arrangements document – Appendix A attached;**
- (b) notes the updated budget position for 2019/20 and that the County Council will continue as the Administering Authority for the Joint Committee;**
- (c) makes provision of £21,000 as a contribution to the administration and work programme of the Committee in 2020/21 financial year subject to all other Constituent Members making a financial contribution based on the methodology agreed in previous years.**

3. Reasons for recommendations

- 3.1** In recent months the Joint Committee has reviewed and updated its governance and budgetary arrangements in the light of experience since its establishment in early 2018 and in response to changing Government policy and local circumstances. Some changes are required to the Committee's Arrangements document as a result and these need to be referred to the Constituent Authorities to be endorsed. It is essential that the Joint Committee remains: fit for purpose, represents a sustainable way of working into the future; and delivers value for the resources committed to it by the Constituent Authorities.

4. Other options considered

- 4.1.** The following options have been considered:

Option 1 – Not to make changes to the governance arrangements. This was rejected as it is essential that constituent members can regularly review and agree any changes to the Joint Committee to align with existing policy positions.

Option 2 – Recommended option as the proposals in this report deliver the recommendations agreed by the Heart of the South West Joint Committee in September 2019 and underpin this council's work and role as part of the HotSW Joint Committee.

5. Links to County Vision, Business Plan and Medium-Term Financial Strategy

- 5.1.** Increasing productivity, growing Somerset's economy and providing a mechanism through which the HotSW area may seek to draw down opportunities presented by government policy has clear links to all sections of the County Plan, in particular:
- Partnerships
 - "...closer working partnerships across the public sector, but also with the voluntary sector and private industry too in order to succeed."
 - Children's services / education
 - Opportunities for young people
 - A university for Somerset
 - Economic development
 - Helping small businesses
 - Helping business succeed
 - Infrastructure and workforce
 - Connecting our communities
 - Major infrastructure projects

- A sustainable council
 - Developing business
 - Living within our means.

6. Consultations and co-production

6.1. Members, partners and the public have been kept informed of developments of the HotSW Joint Committee and its work on the Productivity Strategy through press releases, newsletters, presentations, workshops and publications. In addition, all of the authorities within the Partnership will be considering this report and reporting back to the next Joint Committee meeting on 29 November.

7. Financial and Risk Implications

7.1. The financial considerations are set out in paragraphs 11.10 and 11.11 of this report. The Council makes a financial contribution as well as 'in kind' officer time to support the work of the Joint Committee.

7.2. The key risk to the Constituent Authorities is an unsustainable Committee without a sufficient budget to maintain the security and operation of the model. If the Committee cannot be sustained then the momentum already achieved with Government will be at risk and the opportunity to realise additional funds, powers and responsibilities from Government for the benefit of the HotSW will be severely compromised. This in turn would compromise the ability to deliver the Productivity Strategy.

Likelihood	1	Impact	4	Risk Score	4
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8. Legal and HR Implications

8.1. The review of the role and functions of the Joint Committee has taken account of the legal framework within which the Joint Committee operates. The appointment of the Administering Authority rests with the Constituent Authorities under the Committee's Arrangements document.

9. Other Implications

9.1. Equalities Implications

There are no equalities implications associated with the recommendations.

9.2. Community Safety Implications

There are no implications associated with the recommendations.

9.3. Sustainability Implications

There are no implications associated with the recommendations.

9.4. Health and Safety Implications

There are no implications associated with the recommendations.

9.5. Health and Wellbeing Implications

There are no implications associated with the recommendations.

9.6. Social Value

No specific implications or opportunities are associated with the recommendations.

10. Scrutiny comments / recommendations:

- 10.1.** None. In addition to the Joint Committee, the Constituent Authorities formed a Joint Scrutiny Committee in 2018 to provide a strategic overview and scrutiny of the activities of the HotSW Local Enterprise Partnership.

11. Background

- 11.1.** The Council has been a member of the Heart of the South West Joint Committee since its creation in August 2015. The Committee became a formal body in March 2018. The Committee has twenty-one members:

- All Devon and Somerset District Councils
- Dartmoor and Exmoor National Park
- Devon and Somerset Clinical Commissioning Groups
- Devon County Council
- Heart of the South West Local Enterprise Partnership
- Plymouth City Council
- Somerset County Council
- Torbay Council

The Committee acts as a single voice to Government on socio-economic and environmental issues and makes the case for additional powers and funding to be transferred to its individual members for the benefit of the people of Devon and Somerset.

11.2. Review of the role and functions of the Joint Committee

The Constituent Authorities have already agreed one addition to the list of delegated functions of the Joint Committee by giving the Committee the function of agreeing the local authorities' input into the development of the HoSW Local Industrial Strategy (LIS).

- 11.3.** In addition to the above development, the need to review the governance arrangements arose from:

- Changes in Government policy away from large devolution 'deals' to a more targeted dialogue on key themes of relevance to the local authorities and partners, eg, housing. The Joint Committee's influencing role has become increasingly important as recognised by Ministers, local MPs and Government officials. The ambition remains to draw down additional functions, powers and funding from Government.
- The evolution of the Joint Committee's role from agreeing policy (the HotSW Productivity Strategy) to overseeing delivery of the Strategy alongside the LEP.
- The developing relationships with other key local partnerships to ensure that there are appropriate reporting lines, ie, HotSW LEP Joint Scrutiny Committee, Peninsula Transport Board, Great South West, HotSW Local Transport Board.

11.4. Accordingly, the Committee has agreed that its focus will be in the following areas:

- Strategic policy development
- Influencing Government / key agencies to achieve direct intervention, support, funding and powers
- Designing and delivering strategic HotSW responses to 'Government' offers
- Designing and delivering public sector reform where this will deliver improved productivity, eg in health and education
- Delivering at scale –(beyond what individual councils can achieve)
- Oversight of the Delivery Plan – working alongside and in collaboration with the HotSW LEP using each other's strengths and role to ensure delivery of the HotSW Productivity Strategy.

It is not proposed at this stage to request the delegation of further functions from the Constituent Authorities to the Joint Committee.

These refinements to the focus of the Committee have been reflected in amendments to the list of functions contained in the Joint Committee's 'Arrangements' document – see Appendix A attached.

11.5. The subject matter focus for the Joint Committee will fall into the following areas of the Delivery Plan:

- Housing – including bid(s) for strategic housing deal(s) designed, submitted and agreed resulting in additional investment into HotSW
- Major Route Corridor Study agreed and completed
- Agreed HotSW LIS which meets our transformational objectives
- Successful engagement plan with MPs / Ministers
- Successful operational phase of the Brexit work in collaboration with Government

- Preparation for / response to offers of public sector reform to improve productivity
- Agreement and submission of Coastal Communities proposal to Government seeking additional Government support for our coastal communities
- Development of the JC's investment framework required to deliver the Productivity Strategy within a new national funding environment.
- Enable the partners to prepare for and respond to opportunities arising from the Comprehensive Spending Review and the Shared Prosperity Fund.

11.6. Joint Committee Political Arrangements

The Committee has agreed to change its meeting arrangements to achieve a better balance between formal decision-making meetings (fewer) and more opportunities for informal engagement and challenge sessions.

In addition, two informal engagement sessions will be arranged per annum to engage relevant Portfolio Holders and Directors on Joint Committee business.

11.7. Appointment of Administering Authority

At the time of the establishment of the Joint Committee, the Constituent Authorities agreed to appoint Somerset County Council as the Administering Authority for the Joint Committee for a two-year period from 22 January 2018. With this appointment coming to an end early in the new year the HotSW Chief Executives' Executive Group has considered an appointment for the next two-year period (as required by the Joint Committee's 'Arrangements' document).

The detail of the Administering Authority role is set out in the Joint Committee's Arrangements document but in summary it includes:

- Running the Joint Committee business and meetings;
- Administering the Joint Committee's budget;
- Responsibility for the Committee's communications and engagement plan including maintaining the Joint Committee's website.

The authority undertaking the role currently receives a budget allocation of £20,000 as a contribution towards the costs of undertaking the role and it is proposed to maintain this allocation at this level for 2020/21.

The view of the HotSW Joint Committee is that Somerset County Council has done an excellent job of supporting the Committee and they agreed to reappoint the County Council to the Administering Authority role for a further two-year period from 23 January 2020 to 22 January 2022. The Joint Committee approved this recommendation at its meeting on the 27th

September 2019. Cabinet is recommended to agree for Somerset County Council to undertake the Administering Authority role to the Joint Committee for the period from 22 January 2020 to 21 January 2022.

11.8. Joint Committee Management Support Arrangements

Comprehensive management support arrangements have been in place to support the partnership (and latterly the Committee) since 2015. These have been reviewed and refined. To minimise direct support costs impacting on the Committee's budget, most of the officer resource has been provided by the Constituent Authorities on an 'in-kind' voluntary basis. In addition, Somerset County Council was appointed as the Administering Authority to the Joint Committee to support and run the meetings. SCC has been paid for undertaking the role from the Joint Committee budget. Other direct budget contributions towards the Committee support costs have been allocated to fund Constituent Authorities who have provided officer resources for project management and administrative support to the Brexit Resilience and Opportunities Group.

11.9. The diagram in Appendix B shows the revised management support arrangements of the Joint Committee.

The revised arrangements provide for:

- A CEX Executive Group to lead the work of the Joint Committee and to include theme leads from the Delivery Plan. The membership of this Group is also set out in Appendix B.
- Use of existing Devon and Somerset Chief Executives' and Leaders' meetings to support the work of the Committee;
- 1 x joint meeting per annum of the Devon and Somerset Chief Executives.
- Better alignment of the Joint Committee's support arrangements with the LEP and development of a common work plan.
- A Policy and Technical Officer Group of senior policy officers to focus on: delivery of the Delivery Plan; monitoring progress/measuring performance; and drafting responses to national policy changes.
- A dedicated and resourced programme office function (from Plymouth City Council), funded from the Joint Committee's budget, to manage Joint Committee business on behalf of the CEx Executive Group and in addition to the Administering Authority role. This arrangement has been in place already for 6 months (April to Oct 2019) and the Joint Committee endorsed this arrangement continuing at its meeting in September.

11.10. Joint Committee Budget Position

The Joint Committee remains completely reliant on the Constituent

Authorities for its budget and there are no obvious sources of additional funding to support running costs or delivery of its work programme.

The updated budget position for 2019/20 is detailed below. In summary, for 2019/20 the HotSW Joint Committee has contributions from the Constituent Authorities totalling £48,600 which together with the underspend from last year gives a total budget of £84,926. The Committee has not had cause to invoice the Constituent Authorities for the additional £48,600 agreed in principle as there are currently no work programme proposals requiring funding which cannot be met from the budget already in place. Of the total budget in place of £84,926, £60k is now committed for support costs (refunding officer secondments and meeting costs). As support costs are outstripping the Constituent Authorities base contributions in the medium term, the Joint Committee has been relying on the ever-reducing level of underspend to meet all of the support costs and work programme costs.

- 11.11.** The budget needs to cover running costs and work programme costs. Contribution levels for each council tier are based on population levels. Key issues are the adequacy of the budget and its sustainability into the future. The Joint Committee agreed earlier this year that a larger annual budget was likely to be required to fund work programme priorities in future years and approved 'in principle' to double the 2018/19 core contributions as a one-year arrangement.

The overall budget position for 2019/20 is detailed in the table below. There are no plans to invoice the Constituent Authorities for the second budget contribution for 2019/ 20 because of the need to take stock of the direction of the Committee's work programme following the recent elections and delays in progressing discussions with Government as a result of Brexit. As it stands the contributions collected from the Constituent Authorities (£48,600) together with the underspend carried forward from 2018/19 (£36,326) totalling £84,926 is sufficient to cover the planned and anticipated costs for 2019/20 of £60k. A key unknown aspect of the work programme is the preparations for Brexit and the budget impacts of any work which the Committee may wish to commission. This will be kept under review in the coming months as the position becomes clearer.

Income	£ (,000)
Constituent Authority contributions	48,600 - committed (48,600 – in principle and if required)
2018/19 underspend	36,326
<u>Total</u>	84,926 (+ 48.6k in principle and if required)
Expenditure	£ ,000
Administering Authority	20 – committed (for the year)
Programme Office lead officer role	10 – committed (April to Sept) (Oct

Brexit Resilience and Opportunities Group – officer support costs	to March 2020 tbc but estimated at £10k) 10 – in principle (April to Sept) (Oct onwards tbc but estimated at up to £10k)
Housing Task Force	Tbc
Growth Corridor Work	Tbc
MP/ Ministerial engagement	Tbc
Brexit work programme	Tbc
Coastal Communities proposal	Tbc
<u>Total</u>	£60k (including anticipated commitments detailed above)

Budget options considered by the Chief Executives' Executive Group included raising top slicing funding from external funding that may be made available to the Committee by the Government in the future under specific policy opportunities but this remains a longer term aim. In the short term the Group considered it important that the Constituent Authorities commit to sustaining the partnership by providing an adequate level of funding for 2020/21. Work programme developments remain some way away from being fully developed, mainly as a result of the Brexit situation, but discussions with civil servants continue and we need to plan ahead accordingly. The Chief Executives' Executive Group's recommendation was that a sustainable level of budget for 2020/21 would be achieved on the basis of 2 x the original level of contributions as follows:

County Councils - £21,000

Unitary Councils - £8,000

District Councils and national Park Authorities – £2,800

This would give a total budget of £97,200 (+ underspend carried forward from 2019/20) and this should be sufficient to cover support costs and work programme activity

The Joint Committee noted the budget position and agreed to recommend to Constituent Authorities the increased levels of contributions for 2020/21. In lieu of this, the Council is recommended to make a provision of £21,000 to fund its contribution to the Joint Committee budget 2020/21.

12. Background Papers

12.1. Governance arrangements report to Heart of the South West Joint Committee meeting on 27 September 2019

Report Sign-Off

		Signed-off
Legal Implications	Tom Woodhams	04/11/19
Governance	Scott Woodridge	04/11/19
Corporate Finance	Sheila Collins	04/11/19
Human Resources	Chris Squire	04/11/19
Property	Paula Hewitt	04/11/19
Procurement / ICT	Simon Clifford	04/11/19
Senior Manager	Patrick Flaherty, Chief Executive	04/11/19
Commissioning Development	Ryszard Rusinek	04/11/19
Local Member	All	
Cabinet Member	Cllr David Fothergill - Leader of the Council and Cabinet Member for Customers and Communities	04/11/19
Opposition Spokesperson	Cllr Jane Lock – Opposition Leader	04/11/19
Scrutiny Chair	Cllr Anna Groskop - Place Scrutiny	04/11/19

APPENDIX A – EXTRACT FROM THE JOINT COMMITTEE’S ARRANGEMENTS DOCUMENT

2. Joint Committee Functions:

2.1 The only delegated functions of the Joint Committee relate to:

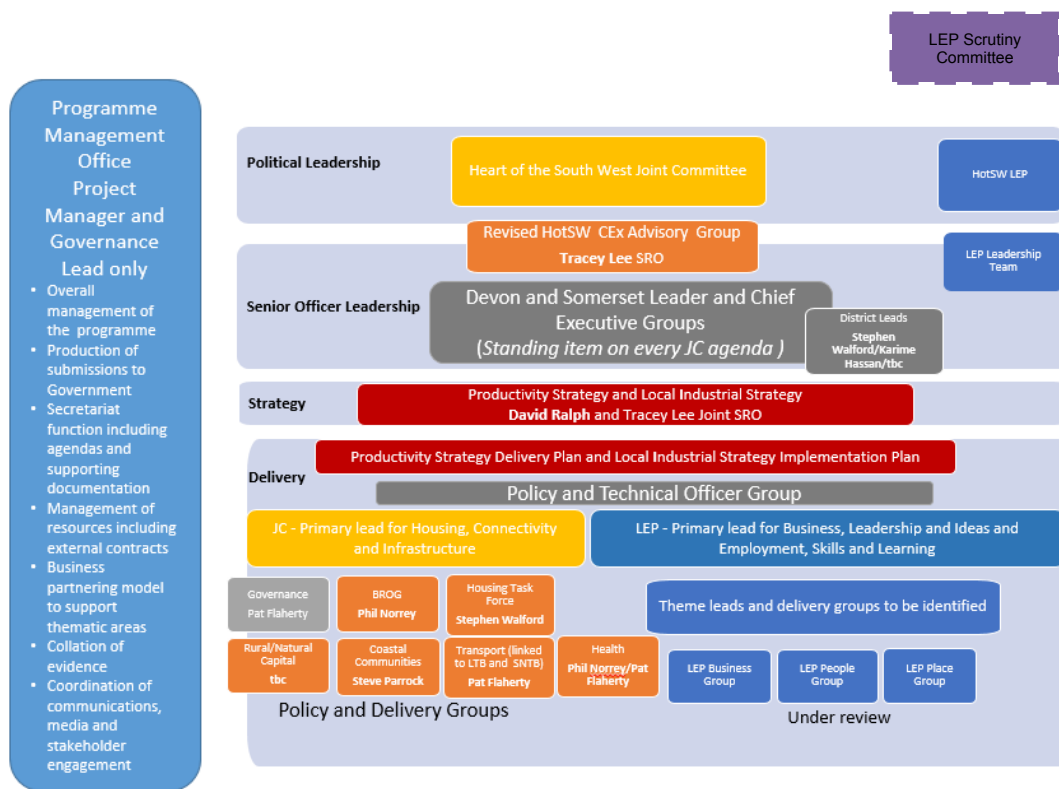
- (a) the approval of the HotSW Productivity Strategy; and
- (b) the development and endorsement of the HotSW Local Industrial Strategy (LIS) (noting that final approval of the HotSW LIS rests with the HotSW Local Enterprise Partnership (LEP) and the Government.

All other matters referred to in 2.3 below are 'referred' matters where the Joint Committee will make recommendations to the Constituent Authority or Authorities for decision. Additional delegated or referred functions may be proposed for the Joint Committee in the future by the Joint Committee or any of the Constituent Authorities but shall only be agreed if approved by all of the Constituent Authorities.

- 2.2 The principle of subsidiarity will apply to the relationship between the Joint Committee, the Constituent Authorities and local Sub-Regional Partnerships with decisions being made at the most local and appropriate level on all matters to do with the delivery of the Productivity Strategy and in relation to the other functions of the Joint Committee.
- 2.3 The Joint Committee shall:
- (a) Develop and agree the HotSW Productivity Plan in collaboration with the LEP.
 - (b) Maintain oversight of the HotSW Delivery Plan = working alongside and in collaboration with the LEP using each other strengths and roles to ensure delivery of the HotSW Productivity Strategy.
 - (c) Continue discussions /negotiations with the Government and Government agencies to achieve direct intervention, support, funding and powers to the benefit of the HotSW and assist with the delivery of the Productivity Plan.
 - (d) Continue discussions / negotiations with the Government / relevant agencies to secure delivery of the Government's strategic infrastructure commitments, eg, strategic road and rail transport improvements.
 - (e) Design and deliver the strategic HotSW response to 'Government' offers.
 - (f) Design and deliver public sector reform where this will deliver improved productivity to the HotSW, eg health, education.
 - (g) Deliver at scale (beyond what individual councils can achieve).
 - (h) Work with the LEP to identify and deliver adjustments to the LEP's democratic accountability and to assist the organisation to comply with the revised (November 2016) LEP Assurance Framework. This includes endorsing the LEP's assurance framework on behalf of the Constituent Authorities as and when required. However, this is subject to the Framework being formally approved by the LEP's Administering Authority.
 - (i) Ensure that adequate resources (including staff and funding) are allocated by the Constituent Authorities to enable the objectives in (a) to (e) above to be delivered.

APPENDIX B

HotSW Joint Committee Support Structure



Chief Executives' Executive Group Membership and Roles

Theme/Role	Lead	Body
HotSW Leaders SRO	Tracey Lee	JC (PCC)
Productivity Strategy SRO	Tracey Lee/David Ralph	JC (PCC)/LEP
LIS SRO	David Ralph/Tracey Lee	LEP/JC (PCC)
BROG	Phil Norrey	JC (DCC)
Governance lead	Pat Flaherty	JC (SCC)
Housing lead	Stephen Walford	JC (MDDC)
Transport lead	Pat Flaherty	JC (SCC)
Coastal Communities lead	Steve Parrock	JC (TC)
District Council Leads X 3	Stephen Walford (Devon - Rural) Karime Hassan (Devon - City/Urban) Stuart Brown (Somerset)	JC (MDDC/ECC/MDC)
Rural/Natural Capital lead	Kevin Bishop	JC (DNP)
Health theme	Via Phil Norrey and Pat Flaherty in the short term	JC (DCC/SCC)