Public Document Pack

County Council
Wednesday 21 February 2018
10.00 am Council Chamber - Shire Hall, Taunton

To: The Members of Somerset County Council

You are requested to attend the Meeting of Somerset County Council on Wednesday 21 February 2018 to transact the business set out in the agenda below.

Anyone requiring further information about the meeting, or wishing to inspect any of the background papers used in the preparation of the reports referred to in the agenda please contact Julia Jones on 01823 359027 or jjones@somerset.gov.uk

Issued By Julian Gale, Strategic Manager - Governance and Risk - 13 February 2018

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 Section 100A (4) of the Local Government Act 1972.

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

RNID typetalk

Council Chamber and Hearing Aid Users

To assist hearing aid users, Shire Hall has infra-red audio transmission systems. To use this facility we need to provide a small personal receiver that will work with a hearing aid set to the T position. Please request a personal receiver from the Committee Administrator and return it at the end of the meeting

AGENDA

Item County Council - 10.00 am Wednesday 21 February 2018

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

1 **Apologies for Absence**

2 **Declarations of Interest**

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

3 **Minutes from the Council Meeting and Extraordinary Council Meeting held on 29 November 2017** (Pages 7 - 42)

Council is asked to confirm the minutes are accurate.

4 **Chair's Announcements** (Pages 43 - 44)

<u>Presentation:</u> Chair to formally award the title of Honorary Alderman to ex County Councillors Dr G Court, Ralph Clark, John Edney, and Alan Gloak.

To acknowledge the death of Autism Somerset founder Campbell Main.

To receive the Chair's information sheet detailing events attended in December 2017 and January and February 2018.

5 **Public Question Time**

(see explanatory notes attached to agenda)
This item includes the presentation of petitions. Details of any public questions / petitions submitted will be included in the Chair's Schedule which will be made available to the members and to the public at the meeting.

For Decision

6 **Report of the Head of Finance on the Robustness of the Estimates and the Adequacy of Reserves and Balances** (Pages 45 - 52)

To consider a report with recommendations from the Section 151 Officer

7 **Report of the Leader and Cabinet - for decision** (Pages 53 - 310)

To consider a report with recommendations from the Leader of the Council, arising from the Cabinet meetings held on 13th December 2017, 17th January 2018 and 12th February 2018.

The recommendations relate to:

- 2018/19 Capital Investment Programme
- Medium Term Financial Plan 2018/19

- Treasury Management Strategy Statement 2018-19

8 **Report of the HR Policy Committee** (Pages 311 - 328)

To consider a report from the Chair of the HR Policy Committee.
The recommendations relate to the Pay Policy Statement 2018-19.

9 **Requisitioned Items** (Pages 329 - 330)

To consider a report setting out any requisitioned items submitted for the Council's consideration.

10 **Report from the Chief Executive** (Pages 331 - 334)

To consider a report from the Chief Executive.
The recommendations relate to the appointments of Monitoring Officer and a Data Protection Officer and to agree a councillor's leave of absence.

For Information

11 **Report of the Leader and Cabinet - Items for Information** (Pages 335 - 348)

To receive reports by the Leader of Council summarising key decisions taken by him and the Cabinet, including at the Cabinet meetings held on 13th December 2017, 17th January 2018 and 12th February 2018.

(Note: Member Questions to the Leader and Cabinet Members will be taken under this item)

12 **Report of the Scrutiny Committee for Policies, Adults and Health** (Pages 349 - 352)

To receive a report by the Chair of the Scrutiny Committee for Policies, Adults and Health.

13 **Report of the Scrutiny Committee for Polices, Children and Families** (Pages 353 - 358)

To receive a report by the Chair of the Scrutiny Committee for Policies, Children and Families.

14 **Report of the Scrutiny Committee for Policies and Place** (Pages 359 - 366)

To receive a report by the Chair of the Scrutiny Committee for Policies and Place.

15 **Annual Report of the Cabinet Member for Adult Social Care** (Pages 367 - 374)

To receive the Annual Report of the Cabinet Member for Adult Social Care

16 **Annual Report of the Cabinet Member for Children and Families** (Pages 375 -

Item County Council - 10.00 am Wednesday 21 February 2018

382)

To receive the Annual Report of the Cabinet Member for Children and Families

SOMERSET COUNTY COUNCIL – FULL COUNCIL MEETINGS

GUIDANCE FOR PRESS AND PUBLIC

Recording of Meetings

The Council in support of the principles of openness and transparency 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 wishes 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 Julia Jones, Senior Democratic Services Officer, County Hall, Taunton, Somerset, TA1 4DY 01823 359027 jjones@somerset.gov.uk so that the Chair of the meeting can inform those present.

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 Shire 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

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/

EXPLANATORY NOTES: QUESTIONS/STATEMENTS/PETITIONS BY THE PUBLIC

General

Members of the public may ask questions at ordinary meetings of the Council, or may make a statement or present a petition – **by giving advance notice**.

Notice of questions/statements/petitions

Prior submission of questions/statements/petitions is required in writing or by e-mail to the Monitoring Officer – Julian Gale (email: jjgale@somerset.gov.uk) by MIDDAY ON THE FRIDAY PRECEDING THE MEETING. The Monitoring Officer may edit any question or statement in consultation with the author, before it is circulated, to bring it into an appropriate form for the Council.

In exceptional circumstances the Chair has discretion at meetings to accept questions/ statements/ petitions without any prior notice.

Scope of questions/statements/petitions

Questions/statements/petitions must:
(a) relate to a matter for which the County Council has a responsibility, or which affects the County;
(b) not be defamatory, frivolous or offensive;
(c) not be substantially the same as a question/statement/petition which has been put at a meeting of the Council in the past six months; and
(d) not require the disclosure of confidential or exempt information.

The Monitoring Officer has discretion to reject any question that is not in accord with (a) to (d) above. The Monitoring Officer may also reject a statement or petition on similar grounds.

Record of questions/statement/petitions

Copies of all representations from the public received prior to the meeting will be circulated to all members and will be made available to the public attending the meeting in the Chair's Schedule, which will be distributed at the meeting. Full copies of representations and answers given will be set out in the minutes of the meeting.

Response to Petitions

Normally the Council will refer any petition to an appropriate decision maker for response – see the Council's Petition Scheme for more details. The organiser will also be allowed 2 minutes at the meeting to introduce the petition, and will receive a response from a relevant member (normally a Cabinet member).

If a petition organiser is not satisfied with the council's response to the petition and the petition contains more than 5000 signatures (approximately 1% of Somerset's population) the petition organiser can request a debate at a meeting of the County Council itself. The Chair will decide when that debate will take place.

Access and Attendance

The County Council meeting in Shire Hall is open to the public but there is limited capacity for health and safety reasons. The Council Chamber in Shire Hall is located on the first floor of the building. Shire Hall is used principally by the Courts Service and their staff are responsible for security arrangements at the main entrance**. All those attending the council meeting and the courts are required to pass through the security 'gate'. At peak times this can take well over ten minutes – so please arrive early.**

If numbers attending exceed capacity then priority will be given to those who have registered to speak at Public Question Time and thereafter admittance will be on a first come, first served basis.

The design of Shire Hall and the listed Council Chamber is not ideal for those using wheelchairs, with restricted widths in corridors and elsewhere, but council officers will ensure they have access to the meeting if at all possible.

COUNTY COUNCIL

Minutes of a Meeting of the County Council held in the Council Chamber - Shire Hall, Taunton, on Wednesday 29 November 2017 at 10.00 am

Present: Cllr C Aparicio Paul, Cllr M Best, Cllr A Bown, Cllr A Broom, Cllr P Burridge-Clayton (Vice-Chair), Cllr M Caswell, Cllr M Chilcott, Cllr J Clarke, Cllr S Coles, Cllr A Dance, Cllr H Davies, Cllr M Dimery, Cllr B Filmer, Cllr D Fothergill, Cllr G Fraschini, Cllr A Govier, Cllr A Groskop, Cllr D Hall, Cllr P Ham, Cllr M Healey, Cllr N Hewitt-Cooper, Cllr James Hunt, Cllr John Hunt, Cllr D Huxtable, Cllr M Keating, Cllr A Kendall, Cllr C Lawrence, Cllr M Lewis, Cllr L Leyshon, Cllr J Lock, Cllr T Lock, Cllr D Loveridge, Cllr T Munt, Cllr T Napper, Cllr F Nicholson, Cllr G Noel, Cllr J Parham, Cllr H Prior-Sankey, Cllr M Pullin, Cllr F Purbrick, Cllr L Redman, Cllr B Revans, Cllr M Rigby, Cllr N Taylor, Cllr G Verdon, Cllr L Vijeh, Cllr W Wallace (Chair), Cllr A Wedderkopp, Cllr J Williams, Cllr R Williams and Cllr J Woodman

25 **Apologies for Absence** - Agenda Item 1

Apologies for absence were received from: Cllr N Bloomfield, Cllr L Oliver, Cllr D Ruddle and Cllr J Thorne.

26 **Declarations of Interest** - Agenda Item 2

Members' written notifications of interests were affixed to the Notice Board at the back of the Council Chamber for the duration of the meeting

27 **Minutes from the meeting held on 19 July 2017** - Agenda Item 3

The Minutes, including attached Appendices, of the meeting of Council held on 19 July 2017 were signed as a correct record.

28 **Chair's Announcements** - Agenda Item 4

The Chair informed members of the recent death of former County Councillor Lady Shirley Winchilsea who was the Member for Castle Cary division between 1993 and 1997. Cllr J Lock paid a personal tribute to her as she was a friend and said she would be sadly missed.

The Chair informed members of the visits he had made between July and October and thanked the Vice-Chair for attending those events he was unable to.

29 **Public Question Time** - Agenda Item 4

(1) Public Questions / Statements / Petitions (under 5000 signatures): Notice was received of questions / statements / petitions regarding: Public Questions / Statements:

1. Tax Avoidance
From Andrew Lee

Response from Cllr David Fothergill, Leader of the Council

2. Corporation Tax
From Andrew Lee

Responses from Cllr David Fothergill, Leader of the Council

3. Insourcing services
From Nigel Behan, Unite

Responses from Cllr David Fothergill, Leader of the Council

4. Library Service Redesign
From Nigel Behan, Unite

Response from Cllr David Hall, Cabinet Member for Economic Development and Resources

5. Train service from Taunton to Minehead
From Nigel Bray, Secretary, Railfuture Severnside

Response from Cllr John Woodman, Cabinet Member for Highways and Transport

6. Community Train Service from Taunton to Minehead
From David Latimer, Minehead Rail Link Group

Response from Cllr John Woodman, Cabinet Member for Highways and Transport

7. Transport provisions
From Melissa Whittaker

Response from Cllr John Woodman, Cabinet Member for Highways and Transport

8. Taunton Park and Ride
From John Hassall, Chairman Bus Users Group, Severnside Branch

Response from Cllr John Woodman, Cabinet Member for Highways and Transport

9. Family Support Services
From Nigel Behan, Unite

Response from Cllr Frances Nicholson, Cabinet Member for Children and Families and Cllr Christine Lawrence, Cabinet Member for Health and Wellbeing

10. Children's Centres
From Katherine See

Response from Cllr Frances Nicholson, Cabinet Member for Children and Families

11. Hinkley B station
From Theo Simon

Response from Cllr Christine Lawrence, Cabinet Member for Health and Wellbeing

12. Learning Disability Service
From Nigel Behan, Unite

Response from Cllr David Huxtable, Cabinet member for Adult Social Care

13. Learning Disability Service

a) From Ewa Marcinkowska

b) Sean Cox

c) Cheryl Freeman

d) Paul Kitto

Responses from Cllr David Huxtable, Cabinet Member for Adult Social Care

14. Chair's Schedule
From Campbell Main

Response from Cllr William Wallace, Chairman of the Council

Full details of the questions and responses given at the meeting and / or in writing following the meeting are set out in Appendix A to these Minutes.

30 **Report of the Leader and Cabinet - for decision** - Agenda Item 5

(1) The Council considered a report by the Leader and Cabinet which set out the recommendation to Council regarding the establishment of a Heart of the South West Joint Committee.

(2) The recommendation was proposed by Cllr David Fothergill and seconded by Cllr Jane Lock.

(3) The Council RESOLVED by majority vote to:

1. Approve the recommendation of the HotSW Leaders (meeting as a shadow Joint Committee) to form a Joint Committee for the Heart of the South West;
2. Approve the Arrangements and Inter-Authority Agreement (subject to 10 below) documents set out in appendices A and B of the report for the establishment of the Joint Committee with the commencement date of Monday 22nd January 2018;
3. Appoint the Council's Leader - Cllr David Fothergill - and the Deputy Leader - Cllr David Hall - as the Council's named representative and substitute named representative on the Joint Committee;

4. Appoint Somerset County Council as the Administering Authority for the Joint Committee for a 2 year period commencing 22nd January 2018;
5. Approve the transfer of the remaining joint devolution budget to meet the support costs of the Joint Committee for the remainder of 2017/18 financial year subject to approval of any expenditure by the Administering Authority;
6. Approve an initial contribution of £10,500 for 2018/19 to fund the administration and the work programme of the Joint Committee, noting that any expenditure will be subject to the approval of the Administering Authority;
7. Agree that the key function of the Joint Committee is to approve the Productivity Strategy (it is intended to bring the Strategy to the Joint Committee for approval by February 2018);
8. Authorise the initial work programme of the Joint Committee aimed at the successful delivery of the Productivity Strategy;
9. Agree the proposed meeting arrangements for the Joint Committee including the timetable of meetings for the Joint Committee as proposed in para 2.14.of the report.
10. Agree the following amended paragraph 11.5 of Appendix B of the report (the inter-authority agreement) as follows:
    11.5 All press releases and public statements to be sent out on behalf of the Joint Committee shall be the responsibility of the press office of the Administering Authority.

(4) The Council then considered a report by the Leader and Cabinet which set out the recommendation to Council regarding the Treasury Management mid-year report arising from the meeting held on 15 November.

(5) The recommendation was proposed by Cllr David Fothergill and seconded by Cllr David Hall.

(6) The Council RESOLVED by majority vote to endorse the Treasury Management Mid-Year Report for 2017-18.

31 **Report of the Monitoring Officer – for decision** – Agenda Item 6

(1) The Council considered a report from the Monitoring Officer which set out recommendations for a revised County Councillor DBS checks policy.

(2) The Monitoring Officer explained that he had been asked by the Constitution and Standards Committee in October to present a report to the Council to revisit the policy with a view to requiring all members to be DBS checked. This was timely given the continuing emphasis on safeguarding and an assessment of DBS policies of other councils in relation to members.

(3) The recommendations were proposed by Cllr David Fothergill and seconded by Cllr Mike Rigby.

(4) The Council RESOLVED unanimously that the Council's existing policy be extended to provide from today:

a. An extension of the current mandatory requirement to have Enhanced DBS checks without barred list checks to: all Cabinet members; Junior Cabinet Members; members of the Adult and Children & Families Scrutiny Committees; members of the Adoption and Foster Panels; members of the Corporate Parents Board; and Members appointed to Panels or working groups relating to education or adult social care services.
b. That all other members and co-opted members are required to undergo a Basic DBS check.
c. That DBS checks required under (a) and (b) above will be carried out by the Council immediately following each Council election to ensure that such checks are renewed on a quadrennial basis.
d. That the Monitoring Officer maintains a register of approved applications.

32 **Report of the HR Policy Committee – for decision** – Agenda item 7

(1) The Council considered a report from the HR Policy Committee which set out recommendations for the Staff Pay Award 2018/19.

(2) The recommendation was proposed by Cllr Anna Groskop and seconded by Cllr Mandy Chilcott.

(3) The Council RESOLVED to note that the Committee shares the concerns about the impact of the pay freeze followed by low pay rises for local authority staff. However, the Committee is clear that the national pay bargaining mechanism is still relevant for Somerset and has not made any recommendations for changes to the current pay determination arrangements.

19 **Requisitioned Items** - Agenda Item 8

National Joint Council Pay to Councils

(1) Cllr Mark Healey declared a personal interest as he was a representative on the National Joint Council.

(2) The Council considered a requisitioned item on National Joint Council Pay to Councils proposed by Cllr Leigh Redman and seconded by Cllr Liz Leyshon.

(3) Cllr Redman introduced the motion and requested a named vote on this issue. The following points were highlighted: for most workers in local government and schools pay and conditions were determined by the National Joint Council; on average across the country, NJC basic pay had fallen by 21% in real terms since 2010, NJC workers had a three year pay freeze from 2010-2012 and have received only 1% annually since then.

(4) During debate the following issues were raised: the matter had been looked at by the HR Policy Committee, responsibility to the council and employees to acknowledge the problem, concern that NJC pay should not fall further behind other parts of the public sector.

(5) A named vote was taken regarding the motion and the Council RESOLVED not to adopt the item on National Joint Council Pay to Councils with 20 votes in favour, 29 against, and 2 abstentions.

Votes cast as follows:

For	Against
Cllr Best	Cllr Aparicio Paul
Cllr Broom	Cllr Bown
Cllr Clarke	Cllr Burridge-Clayton
Cllr Coles	Cllr Caswell
Cllr Dance	Cllr Chilcott
Cllr Davies	Cllr Filmer
Cllr Dimery	Cllr Fothergill
Cllr Govier	Cllr Fraschini
Cllr John Hunt	Cllr Hall
Cllr Kendall	Cllr Ham
Cllr Leyshon	Cllr Hewitt-Cooper
Cllr J Lock	Cllr James Hunt
Cllr T Lock	Cllr Huxtable
Cllr Loveridge	Cllr Keating
Cllr Munt	Cllr Lawrence
Cllr Prior-Sankey	Cllr Lewis
Cllr Redman	Cllr Napper
Cllr Revans	Cllr Nicholson
Cllr Rigby	Cllr Noel
Cllr Wedderkopp	Cllr Parham
	Cllr Pullin
	Cllr Purbrick
	Cllr Taylor
	Cllr Verdon
	Cllr Vijeh
	Cllr Wallace
	Cllr J Williams
	Cllr R Williams
	Cllr Woodman
Abstained	
Cllr Groskop	
Cllr Healey	

Mental Health Challenge Pledge

(1) The Council considered a requisitioned item on the Mental Health Challenge Pledge proposed by Cllr Christine Lawrence and seconded by Cllr Leigh Redman.

(2) Cllr Lawrence introduced the item and the following points were highlighted: 1 in 4 Somerset residents will experience a mental health problem in any given year, it is predicted that depression will be the second most common health condition worldwide by 2020 and mental ill health currently represents 23% of the total burden of ill health in the UK, the mental health challenge

recognises that local authorities have a key role in improving mental health in their communities and the independent Mental Health Taskforce called for local councils to have a member champion for mental health.

(3) During the debate the following issues were raised: opportunity to raise awareness, around half of the people who experience mental health issues have developed these before 14 years of age, Mental Health had been on the agenda for the Youth Parliament, affected everybody, tribute was paid to the professionals who supported those with mental health problems, it was hoped the mental health champions would work with other local authority champions in the area.

(4) The Council RESOLVED:

- To sign the Local Authorities' Mental Health Challenge run by Centre for Mental Health, Mental Health Foundation, Approved Mental Health Professional Forum, Mind, Rethink Mental Illness, Royal College of Psychiatrists and YoungMinds.
- To commit to appoint two elected members as 'mental health champions' across the Council; one to focus on adult mental health and one to focus on children and young people in Somerset.
- To delegate authority to the Somerset Health and Wellbeing Board to appoint the mental health champions referred to above.
- To identify a member of the Public Health staff (Louise Finnis) within the council to act as a 'Lead Officer' to support the Mental Health Champions
- To ensure the Health and Wellbeing Board receives updates from the Champions, at least annually

The Council also RESOLVED to:

- Support positive mental health in our community, including in local schools, neighbourhoods and workplaces
- Work to reduce inequalities in mental health in our community
- Work with local partners to offer effective support for people with mental health needs
- Tackle discrimination on the grounds of mental health in our community
- Proactively listen to people of all ages and backgrounds about what they need for better mental health

34 **Report of the Leader and Cabinet - Items for Information** - Agenda Item 9

(1) The Council considered a report that summarised the key decisions taken by the Leader and Cabinet Members and officers between 8 July and 15 November 2017, together with the items of business discussed at the Cabinet Meetings on 16 August, 27 September, 18 October and 15 November 2017.

(2) Cllr David Fothergill responded to a written question from Cllr Liz Leyshon regarding the Vision for Somerset.

(3) The Council received the Annual Report of the Cabinet Member for Public Health and Wellbeing (Agenda Item 13) which highlighted key activities and achievements of the past year within these areas.

(4) Cllr Anna Groskop responded to a written question from Cllr Amanda Broom regarding Cresta Pool in Chard.

(5) Cllr David Hall responded to a written question from Cllr Simon Coles regarding the Council budget for 2017/18. Cllr Hazel Prior-Sankey requested more detail of the proposals for scrutiny meetings ahead of the decision meetings for the budget.

(6) Cllr David Hall responded to a written question from Cllr Simon Coles regarding accommodation allowances.

(7) Cllr Frances Nicholson responded to written questions from Cllr Jane Lock regarding Children's Social Care, Childcare Funding, Early Years and Family Support Services. There was some discussion regarding consultation regarding Children's Centres.

(8) Cllr Anna Groskop then responded to a written question from Cllr Tessa Munt regarding the Learning Disability Service.

(9) There was some further debate about the A358 expressway and Junction 25 of the M5 and having a coordinated programme, road improvements on A39 and listening to the concerns of local residents, economic prosperity that will Hinkley C will bring, lack of use of Park and Ride Service in Taunton on Saturdays.

Full details of the questions and responses given at the meeting and / or in writing following the meeting are set out in Appendix B to these Minutes.

35 **Report of the Scrutiny for Policies, Adults and Health Committee** - Agenda Item 10

(1) The Council received and noted the report from the Chair of the Scrutiny for Polices, Adults and Health Committee Cllr Hazel Prior-Sankey.

36 **Report of the Scrutiny for Policies, Children and Families Committee** - Agenda Item 11

(1) The Council received and noted the report from the Chair of the Scrutiny for Policies, Children and Families Committee Cllr Leigh Redman.

37 **Report of the Scrutiny for Policies and Place Committee** – Agenda Item 12

(1) The Council received and noted the report from the Chair of the Scrutiny for Policies and Place Committee Cllr Tony Lock.

(2) Cllr Adam Dance asked about the current list of county farms for sale and was informed that he would receive a written response.

38 **Annual Report of the Somerset Armed Forces Community Covenant**- Agenda Item 13

(1) The Council received and noted a report from the Chair of the Somerset Armed Forces Community Covenant Partnership Cllr Rod Williams.

(2) Cllr Andy Kendall asked about identifying veterans in the county and was informed he would receive a written response.

(The meeting ended at 1.10 pm)

CHAIR

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APPENDIX A

Meeting of Somerset County Council held in the Council Chamber, Shire Hall, Taunton on Wednesday 29 November 2017 at 10.00am

Agenda Item 5 - Public Question Time

Details of the questions / statements and petitions referred to in Minute 29 and responses given at the meeting are given below.

Public Questions / Statements / Public Petitions (under 5000 signatures)

1. Tax Avoidance
From Andrew Lee

Recent events have only served to highlight the prominent role of all of the Big Four accountancy firms (including KPMG) in tax avoidance.
As Somerset County Council now finds itself starved of funds from central government as a direct consequence of tax avoidance, can the Leader of the council explain why it is appropriate for The Heart of the South West LEP to have a former KPMG partner as its chief executive? I would like a written answer please.

Response from Cllr David Fothergill, Leader of the Council

Thank you for this question. The employment of the LEP Chief Executive is matter for that organisation rather than SCC. We have shared your question with the LEP and asked that a response is given as appropriate to this.

2. Corporation Tax
From Andrew Lee

Securing taxation is essential to the funding resources of central government, that ultimately impact on what it can afford to give to fund county councils, Therefore it is central to the interests of Somerset County Council.
At the end of the last administration I asked why the County Council does not insist that as a condition of tendering for County Council contracts, a company should be able to demonstrate that it has paid corporation tax at the full ruling rate and without using tax avoidance schemes.
At the time Leader John Osman said he would look into what could be done.
Could the current leader advise what has been done?

Response from Cllr David Fothergill, Leader of the Council

There is a limited amount we as a County Council can do in regard to this, although we do support the principle that organisations and individuals should pay their fair share of tax.

I can say however that in our supplier questionnaire for open tenders for our work we already require bidders to declare whether they have been in breach of obligations regarding tax and social security contributions. If they cannot confirm that these obligations have been discharged, we do have discretion to exclude.

If we took unilateral action to exclude specific companies beyond this – on the basis of say media reports about their tax status – we would lay ourselves open to legal challenge for not complying with procurement rules on open and fair competition.

3. Train service from Taunton to Minehead

From Nigel Bray, Secretary, Railfuture Severnside

I write as Secretary of Railfuture Severnside Branch, which covers Somerset, Northern Wiltshire, Greater Bristol and Gloucestershire. Railfuture is a not-for-profit Company campaigning for the maximum use of Britain's railways.

My question to Councillor John Woodman is as follows:

"When will Somerset County Council fund feasibility studies for the opening of new railway stations in the county ? All existing stations in Somerset have experienced very substantial increases in usage over the past 20 years, which gives every reason to believe that additional stations at Chard Junction, Langport and Wellington would be well supported.

Most of the stations which have reopened, such as Templecombe, have exceeded expectations in terms of passenger numbers.

If the outcome of feasibility studies were positive, it should be possible for the Council to apply for funding from the DfT's New Stations Fund towards the cost of construction.

Response from Cllr John Woodman, Cabinet Member for Highways and Transport

Somerset County Council recognises that rail has great potential as part of the wider transport mix and we are working with the rail industry and neighbouring local authorities to improve Somerset rail services where possible. We have contributed funds towards the first stage of assessing passenger demand for a station at Wellington and have worked closely with community groups and Members of Parliament to lobby for stations to be reopened at Wellington and Langport. We also recognise that there is local support for the reopening of Chard Junction Station. To fully understand whether reopening any of these stations could be viable in terms of construction and in terms of passenger demand would require investment of hundreds of thousands of pounds. To reinstate the stations would cost several million pounds. The Government's New Stations Fund is a highly competitive fund which if successful still requires substantial local contributions towards construction costs. Some of our neighbouring authorities who do have well worked-up business cases for new stations serving large urban areas, have recently been unsuccessful in their bids for New Stations Fund. The Council continues to experience substantial reductions in its overall financial settlement from Government and is currently unable to commit the revenue funds necessary to undertake rail station feasibility studies given the wide range of services that we have a statutory a duty to provide. We continue to dedicate officer time to working with the rail industry and communities to help them move proposals forward.

4. Community Train Service from Taunton to Minehead

From David Latimer, Minehead Rail Link Group

At the County Council Meeting on Wednesday 19 July, The Minehead Rail Link Group put a question concerning the County Council's attitude towards our proposal for a community rail service between Taunton and Minehead. In reply Councillor Woodman stated that that Somerset County Council was always happy to support organisations seeking to improve public transport choices and that he would keep the situation under review and was happy to talk to us about it. We were encouraged by his words and were pleased that it seemed that Somerset County Council was beginning to move towards the more pro-active approach to rail development taken by our neighbouring authority in Devon. Unfortunately our written requests for a meeting between our group and the said councillor have yet to come to fruition and we would like to know if his offer of a meeting still applies.

Might I also ask if it might be helpful if the appropriate officers of Somerset County Council might visit their counterparts in the Devon authority, who have been so actively involved in planning and funding new stations as well as looking at promoting the reopening of routes in their county. This may be a valuable training exercise for Somerset officers as their Devon counterparts could give them professional experience-based tuition on the procedures involved in rail regeneration and investment, which they could bring back to Somerset and use to help our county's rail system catch up with Devon's.

Response from Cllr John Woodman, Cabinet Member for Highways and Transport

I can confirm that I am still very happy to meet to discuss the Minehead Rail Link Group's aspirations as I have indicated previously. Somerset's officers regularly meet their counterparts across the region and are already well versed in the requirements for new rail investment and do not require training in this respect.

5. Insourcing services

From Nigel Behan, Unite

a) Does Somerset County Council agree with and support the contents and arguments contained in this recent letter to Councillors being circulated by the We Own It Campaign (see below) about the benefits of direct, democratic, accountable and transparent Public Services?

"Insourcing services will save us money - how do we do it?
I'm a big fan of local public services and I use them every day. I wanted to write to you today to thank you for the work you do in our community. But I wanted to ask what you think about running services in house?

Insourcing local services has had amazing effects around the country, and there is evidence that it leads to lower costs, better quality of services, more flexibility for councils, and is less risky than outsourcing!

Plus, public ownership is really popular, and means that services are much more accountable to the people who use them.

If you currently outsource a lot of our local services, and you're still not convinced, We Own It has put together some resources explaining the benefits of insourcing, and I would love for you to have a read and see for yourself.

5 reasons why your council should insource services
Local Public Ownership Awards
Privatisation Fails – the danger of outsourcing

Could you tell me what the council's position is regarding insourcing? Are you running many services in house already? Do you think it would be possible to bring more services in house here? And if so, what would the first steps look like?

If you support local public ownership, I'm with you every step of the way.”

The links in the document mention Southwest One and this Question is relevant because of the issues raised at Scrutiny Adults & Health) Committee about the “performance” of the recently outsourced LDPS to Dimensions UK Ltd (Discovery Contract).

b) Can these matters be incorporated into the newly emerging County Vision?

Response from Cllr David Fothergill, Leader of the Council

I would like to start by pointing out that Somerset County Council is not wedded to either in-sourcing or out-sourcing – we are committed to what I would call “best-sourcing”.

We are a Commissioning authority and as such we source service provision from a range of internal and external suppliers. We are focussed on commissioning from providers who are best placed to deliver high quality and affordable services. We have some great examples of in-house provision (including services we have in-sourced). We also have numerous examples of great services that we commission from the private and not for profit sector.

6. Learning Disability Provider Service

From Nigel Behan, Unite

At the Scrutiny Committee (Policies, Adults & Health) on the 8th November (Update on the Learning Disability Service Contract – Agenda Item 4) there were over 20 questions/statements made in Public Question Time.

A presentation was provided on the day but after the deadline for Public Questions.

The Scrutiny Committee outcomes were:

“The Committee received a report and presentation updating members on the first 6 months since the transfer of Learning Disability Service to Discovery.
Following a lengthy discussion it was agreed that a monthly report showing Key Performance Indicators (KPIs) for the contract should be brought to the next four scrutiny meetings.
The Committee also agreed:
- it was not satisfied with the report and information provided.
- to request that a survey with customers, families and staff of the service be conducted as soon as possible
- to establish a Task and Finish group to look at the contract performance in more detail
- to refer the contract matter to the Audit Committee for its consideration.”

Will the County Council also be provided with the above information and also (as well as Scrutiny) review the “performance” of the contract which should include:

- Why have some of the KPIs reporting been suspended?
- Why have the Care Quality Commission (CQC) not inspected the service since outsourcing (8th November 2017)?
- Why has Discovery been blaming current issues on the service before transfer even though the Original Business Case noted the In House Service was a good service?
- The views of Service Users, Parents, Families, Carers and Staff
- Revisiting the Options Appraisal, earlier Business Cases and Service Delivery Model prior to the creation of the Social Enterprise?
- Consideration of the complete set of the 12 Key Performance Indicators and the 24 Performance Indicators (see attachment) and analyse the completed monthly data?
- Continuing assessment of staff turnover, retention and recruitment?
- Whether projected “savings” can be realised?
- Whether the contract monitoring also includes assessing whether the risks and issues logs are sufficiently adequate?
- The ability (because of continuing contract failure) to insource the service with an In House Service Improvement and Innovation Plan?

When will the Audit Committee (or this County Council) consider the contractual matters referred to above?

Response from Cllr David Huxtable, Cabinet member for Adult Social Care

Thank you Nigel for your question which continues your dialogue with the council about this contract. It is really important that we do not forget the motive behind the changes that are happening within the learning disability service. We all want a transformed sustainable, locally focused, learning disability service and whilst we are going through a challenging period, the changes are absolutely necessary.

As you’ll be aware Adults and Health scrutiny have establish a clearly defined task and finish group to focus on some of the issues raised at scrutiny in November. A full suite of key performance indicators and broader performance indicators has been shared with scrutiny and this will continue to be the case at each scrutiny meeting. The performance of the contract is measured against a clearly set of defined metrics ensuring the delivery of a well-run and sustainable service for the future.

7. Library Service Redesign
From Nigel Behan, Unite

A recent decision made by the Cabinet member on 23 November – where the Decision status – Recommendation Approved (subject to call in by 30 November 2017) endorsed the strategy outlined in the attached decision.

We support the assessment that the best option is retaining an in-house model for the future of the Library Service in Somerset.

It is stated in the report:

“The Library Service is highly integrated with a wide range of SCC departments and external partners, and this is an area of rapid, ongoing development. The growth in joint work between the Library Service and other SCC services is likely to be more productive and un-constrained whilst the service remains in-house."

"A full consultation will be undertaken on all proposals for specific libraries and workforce changes, and feedback from staff and public consultation will be considered fully before final decisions are made."

Will all those adversely affected, as noted in the Equalities Impact Assessment, be fully consulted prior to any proposed changes to the existing service (library locations, access, transport etc..)?

Response from Cllr David Hall, Cabinet Member for Economic Development and Resources

Thank you Nigel: Yes, I can confirm those who are identified as being adversely affected, as noted in the Equalities Impact Assessment will be fully consulted prior to any changes being made, through the public consultation process which will take place early in the New Year.

8. Family Support Services
From Nigel Behan, Unite

There is a live consultation on the **Future of Family Support Services and Children's Centres in Somerset** – (which has made reference to Libraries as potential locations for alternative Children's Centre services?) - closing date 30 November 2017.

We recently asked at the Scrutiny (Children and Families) Committee:

In the consultation document it is stated that:

"Our proposal is to move from our current 24 Sure Start Children's Centres to a network of eight Family Centres, with more support in community venues, people's homes and online."

Q1 Is this another proposal to limit and ration services rather than meet identified needs? What data sets, statistics and other information has been analysed to determine "places where it is most needed"?

Q2 a) How will access to services be considered (e.g. rurality and public transport)?
b) "By concentrating support in the places where it is most needed" how will it be possible to make it available in more places?

Q3 Has current provision (and planned) been properly baselined (with appropriate resources included) and will the options appraisal consider existing and future needs and how will quality and cost be taken into account?

We believe these concerns are still relevant. How will Elected Members be able to influence any proposals to close/downgrade/de-designate Children's Centres and consult the community?

In the (rushed through) Key Decision on Health Visitors skills mix it is stated:

“Evidence for Skill Mixing The saving is proposed to be achieved through the skill mixing of the Health Visiting workforce. The evidence for the proposal is discussed below. Professor Sarah Cowley’s submission to Hounslow scrutiny enquiry1 on health visiting stated that at least 70% of the workforce should be qualified Health Visitors with the remainder being a mixed skill set. In a report commissioned by the Department of Health ‘Why Health Visiting’2 looking at a review of the literature around health visitor interventions, they noted the challenge of providing an adequate and cost-effective combination of skills and abilities within the workforce. The review goes on to explore the benefits and challenges of skills mix.”

a) What other reports and evidence has been assessed and considered other that a report for a London Borough in 2010 and a literature review?
b) Was the premise really only about saving money – what staff retention, recruitment and turnover rates have been analysed?
c) Are the risk registers and issues log updated regularly and available for inspection (and include costs, benefits and risks/”challenges” of “skills mix”?
d) Why was it considered as urgent and the General Exception Procedure used (and the recommendation was approval subject to call in by 28 November)

Response from Cllr Frances Nicholson, Cabinet Member for Children and Families and Cllr Christine Lawrence, Cabinet member for Health and Wellbeing

Q1. To help us draft the Family Support Service proposal, we analysed a number of data sources including populations of children now and into the future, deprivation, and public health outcome indicators. This data is publicly available on our website.

Q2. Staff bases are proposed to be in places of highest need, however, teams will continue to hold clinics, participatory programmes and drop in sessions wherever is the best place in any given community, it may be in a village hall or other community building, it may be in a children’s centre building whether designated Sure Start or not, it may be on a school site and so on. Staff will also undertake individual work with families in their own.

A strength of the consultation is that parents and carers have been telling us what works for them and how they prefer to access service, we plan to use this feedback to help design the new service model.

Q3. There is detailed performance data available for these services, this has informed the baselining. We aim to consider existing and future needs, an example of this is looking at future population projections as part of the additional information – see above.

Much of the activity within the scope of these services is regulated and inspected and so this helps inform judgements regarding quality.

I can confirm that I am fully involved in the process to improve the outcomes for the children of Somerset through this consideration on family support services. All members have been invited to discuss proposals in their areas with senior children and public health staff. All members have been invited to make comments and provide feedback, at those meetings, and also take part in the public consultation that has been going on for some weeks, by attending public meetings, online or on paper. The consultation documents have been available on line and in children’s centres. Any new model of services going forward will therefore be subject to a review and analysis of all responses from the public and from members. We will also be mindful of and compliant with any statutory process *and best practices that apply to the implementation of our future plans, whatever they may be.*

Q3 (a) The process of skill mixing health professionals is not unique to the Health Visiting service. We have drawn on several reports, including the NHS Five Year Forward View, looking at the future and sustainability of health services and the need for new models of care. Many health services face the challenge of sustainability and recruitment and are transforming to ensure qualified professionals are 'working at the top of their licence'. In midwifery for example, the assistant practitioner role is being developed to support particular midwifery roles, in General Practice, emergency care practitioners and paramedics are being used to support GPs with their urgent care workload, and nurse practitioners are being used to support management of long term conditions. Many of our health visitors have worked in skill mix teams previously and are used to working in multidisciplinary teams. We have drawn on the learning from other areas that have different models in place.

Q3 (b) Part of this decision is relating to the need to make the necessary savings due to the cut in the national public health grant. The proposals are however about ensuring we have the right workforce in the future to improve the health and wellbeing of our children.

We have involved Somerset Partnership in discussing the proposals for a skill mixed workforce, as such, staff retention, recruitment and turnover rates have been considered as part of the consideration. In developing a greater skill mix within the workforce we are also seeking to develop more opportunities for people entering into, and wishing to develop their career in children services.

Q3 (c) Yes, these are maintained by the current provider and are reviewed regularly at the contract management meetings.

Q3 (d) This decision was considered under the General Exception Procedure as it was considered in the best interests of the Council to do so. Following a long period of negotiation with the provider, it was important to sign off the contractual agreement in a timely manner to give the provider clarity on the contract for next year.

9. Chairman's Schedule

From Campbell Main

Please could the Chairman's Schedule, prepared for full Council, be made available online, by close of play, on the day prior to the meeting to allow time for papers to be properly read and considered before debate? I am happy to amend the question to ask if Annex A, public questions to Council, could be made available online by 5pm on the day before the council meeting.

Response from Cllr William Wallace, Chairman of the Council

Thank you Mr Main for your amended question. As you say there was a general acceptance at the meeting and including from the relevant officers that your revised request could be accommodated. I will now discuss with the officers the most practical way forward to implement this suggestion and in time for the next meeting of the Council in February.

10. Learning Disability Service

a) From Ewa Marcinkowska

Firstly a thank you to the scrutiny committee for recognising there are many concerns in the LD service.
At the debate in the full council meeting back in July, when we handled the petition of the 5500 Somerset citizens, the Councillors ere proposing to establish working group to look into the transfer LD services before planned Scrutiny in November – can you confirm if this has happened ?
Agency costs have risen significantly - How is the council confident that this contract provides Budgetary Vale for Somerset constituents?
We are requesting that a survey of customers and staff be carried out to enable you to have a holistic view of the current situation and engagement with your constituency.
Transformation consists of "changes to terms and conditions, restructure changes, and day services transformation". The first two of these have been halted after UNISON's consultative ballot showed staff overwhelmingly rejected them. Would you say this shows evidence of success of contract from you the elected?
Given Discovery have failed to report on 8 of their 12 KPIs and yet still judge their management of the LDS to be a success, how few KPIs do you think they could have reported on and still received a clean bill of health?
'Discovery' has put a plan in place to improve performance against this KPI over the coming months – In the spirit of partnership collaborative working are you willing to share these as we would like to help to support our high level of membership.

Response from Cllr David Huxtable, Cabinet Member for Adult Social Care

Ewa, thank you for your question. The reason and background to the necessary changes with our learning disability services have been well set out and no change was not an option if we were to ensure both the sustainability and the delivery of the high quality services that we all aspire to.

The recent scrutiny meeting provided a good opportunity for people to express their views and to hear from both the council and discovery on the plans and operation of the contract. The scrutiny committee has established a task and finish group which will allow it to have a more balanced picture of the service and consider within its remit some of the issues raised in your question. A broader suite of information including KPIs will be provided on an ongoing basis to scrutiny.

b) Sean Cox

Somerset County Councils Learning Disability Service costs prior to transfer were only slightly above the national average. Does the Committee not feel that meaningful consultation and sensible dialogue involving customers, families and staff could have provided an easier and more effective route to high quality, financially sustainable services? Instead of this we appear to have suffered an attempt by a few individuals in high places to bludgeon in a cost cutting exercise with no thought whatsoever about the harm and upset this would cause to vulnerable people in Somerset, their families, carers and staff. The projected costs for this appear to be nearly seven million pounds more than SCC for the first year, how can this be justifiable or in the interests of the tax paying public?

Response from Cllr David Huxtable, Cabinet Member for Adult Social Care

Paul thank you for your question on behalf of Sean. The points made in your question have been raised many times and indeed responded to in detail. The reasons, rationale and background have been well set out and no change was not and is not an option if we are to ensure both the financial sustainability and the delivery of the high quality services that we all aspire to. The work to develop the business case for change and select a provider involved stakeholders and are not a cost cutting bludgeoning exercise as you describe. I do accept that during this period of acute changes that anxiety levels are increased and it is all our interests to implementation of the transformation which is so necessary. I do hope you can work with both SCC and Discovery to make the changes that people deserve.

c) Cheryl Freeman

My stepson, Jason, lives at The Brambles residential home in Taunton. He has severe learning difficulties and is a wheelchair user. Jason attends the gym twice a week, basketball on a Monday and swimming on a Friday. The gym is essential for his physical wellbeing and upper body strength. He relies on staff to take him.

Some years ago the then Chairman of Council, John Osman assured us the exercise was not one of cost cutting but to see how best the service could be run for the next 20 years. Christine Lawrence backed John on these assurances.

Along with all families, we were invited to a series of meetings to explore the 'options'. We had been told that if the service was run as a social enterprise, this could attract funding the council could not.

Around the time of transition, we went to a meeting at the Roller Coaster, Bridgwater. Many families were in tears due to their fears for the future of the service their loved ones rely on. Severe cuts to staff salaries was a massive concern.

We were invited to another meeting with Luke Joy-Smith to discuss the way forward. This was poorly attended but those there spoke very highly of the staff who looked after their loved ones.

A few weeks ago we noticed Jason had a large gash on his hand where he had bitten himself. The manager of his home spoke to us about her serious concern for Jason. He had begun head banging the walls and rocking his wheelchair from side to side. We have never known him do this before.

Since Dimensions took over, most of the staff at the Brambles have left. One Saturday there were only 2 members of staff when there should have been 4.

Alan and I met with Luke Joy-Smith to express our concerns for Jason. During this meeting Luke apologised for the changes he had made to the service which were affecting Jason. He offered us no hope for the future. He told us if he hadn't taken over the service it would be much worse.

In talking to staff we know they feel they cannot provide the care they wish to and they are not listened to.

We have grave concerns for our step-son's well-being and the future of the learning disability service.

Dimensions have destroyed this service.

Response from Cllr David Huxtable, Cabinet Member for Adult Social Care

Thank you for your question, which we have liaised with Discovery in preparing a joint response to.

We welcome all the points raised and understand the concerns relating to current resource levels and impact on the community activities that can be provided to customers such as you and your stepson, which Discovery is working hard to address.

Change is never easy. However, to sustain and enhance our services going forward we have to approach care in a different way and we wish to reassure you that Discovery has an excellent track record, through their parent organisation, Dimensions, for enhancing the care experience through their personalised approach. However, where change is called for, it is important to do it right and that takes time.

Thank you for your continued support as we transform and support the necessary changes to these services.

d) Paul Kitto

Thank you to Scrutiny for supporting the need to evidence our people are being supported correctly.

At Council meeting on the 19th July 2017 Councillor Huxtable recognised that Discovery had an ambitious transformation plan – is he satisfied that this is being met and all key performance indicators are being met.

Also in councillor Huxtable's reply the service historically had high satisfaction rates and low level of complaints – after the recent scrutiny meeting where carers and family voiced their concerns can the councillor assure this is still the case – as raised at scrutiny a feedback form for all would be beneficial.

New business has been temporarily suspended because of the problems Discovery has reported, but the report says "this does not reflect on SCC's view of Discovery's general performance". Do you think this is a coherent position for SCC to take? - As Discovery stated in a meeting that the reason they are not accepting new business at this moment is that they can't keep people safe – but you have a duty of care to keep people safe? When are you the elected going to make sure that what was pledged and promised will be delivered?

In the report to scrutiny - It's unfair to spotlight focus on any single area as the causes stretch beyond LDPS and now Discovery, e.g. years of poor support, poor local management, poor leadership, poor commissioning and poor monitoring (internally and externally). It has led Discovery to believe that there are notable pockets of low levels of ambition across Discovery- Then in addition in Stephen Chandlers report to scrutiny a lot of the problems Discovery are finding our historic – which contradicts are CQC reports in general – and remember we were under his guidance so can these be backed up with factual based evidence – as we can provide many success stories.

When the committees our formed can elected staff rep would be beneficial as we are still hoping to reach an achievable outcome to benefit the most vulnerable of Somerset.

On the 10th Feb 2017 councillor William Wallace stated that no front line staff would be affected – I look forward to the explanation of why 260 staff have left and as he assured people continuity of care is important – and as for the statement that he used on many an occasion the service without change will wither on the vine – unless the elected step in and monitor there may not be a vine left to wither.

Response from Cllr David Huxtable, Cabinet Member for Adult Social Care

Thank you Paul for your question. I know a number of these points have been raised in previous public meetings most recently at the Adults and Health Scrutiny. This council has always been clear that it was necessary in ensuring both the sustainability and delivery of a modern offer to people with a learning disability that significant change was necessary. The award of the contract to discovery set about the practical journey that is necessary including those difficult areas such as changes to terms and conditions and the transformation of both residential and day services. And there is absolutely no benefit to criticising either past or present staff and management but equally so it is unfair not to *recognise shortfalls whether those be in the services whilst within the council or since transfer. There is a genuine desire to ensure the future viability of these services but this can only be achieved if we all work together to deliver the transformation that is necessary. As previously mentioned, the Adults and Health Scrutiny Committee have established a clearly defined task and finish group with the express aim of giving a more balanced view of the delivery of Discovery, with a wider suite of information provided about the performance.*

11. Transport provisions
From Melissa Whittaker

I am here as a representative of the group Everybody “Get On Board”. We are members of the community who have concern linked to the transport provisions presently available to our respective communities.
We are concerned that members of our community are being left isolated and unable to get access to relevant services and support due to the provisions as they stand, and are excluded from social events due to them simply not being accessible.
With recent cuts in adult social care funding, we are concerned for vulnerable adult’s ability to access relevant services alongside the adverse impact the lack of bus services has on unpaid carers abilities to provide the care required.
The ONS suggests that unpaid carers save the government approximately 60 billion pounds a year, thereby assisting County’s with a reduced adult social care bill. These unpaid carers no longer qualify for concessionary bus passes. They face barriers financially, often have minimal support and barriers to provide care due to the lack of bus services particularly on evenings, weekends and during holiday periods. We also note that some bus services offer a reduced timetable during non-term times. These barriers to access are discriminatory, in that the create barriers to a significant proportion of the community who cannot do anything about it.
The Office for National Statistics Summary for Somerset (also on SomersetIntelligence, the Council’s webportal) shows that some 10% of the population of Somerset are within the highest 20% of national deprivation indices for affordable housing and barriers to accessing services, including access to transport.
With proposals being made to remove Children’s Centres an expectation that young parents will be able to travel to alternative venues, in creates similar challenges and again impact upon their abilities to gain access to relevant support and may then negatively impact upon the health and wellbeing of family units.
We live in an age of an ageing population, and there will come a time when retirees can no longer drive and, while still living in rural communities, will require access to transport – these numbers will grow and the number of transport users will grow.
We have many manufacturers, retailers and care providers all of whom operate on all days of the week and beyond the traditional 5 o’clock finish due to our demands of our modern society.
Businesses benefit from having access to a wider range of applicants,therefore access to a wider skill base. With a more comprehensive and integrated transportation network in place, it would not only make our County a more attractive place for businesses to enter, but would equally enable people to be able to gain access to work opportunities, training opportunities provided by the employer and “upskilling” and fulfilling their aspirations. It would reduce state dependency on benefits in some cases and therefore actively combat in reducing the cost of welfare, lifting people out of debt and poverty and increase spending in the local economy due to higher incomes being created.
With the central funding due to end, and business rates being a source of income to the County of which it will be able to retain all of, to enable businesses to remain viable in a

turbulent economic climate due to national and global factors, we believe that supporting businesses to remain viable by having access to a range of applicants, will only result in better financial outcomes and reduce the risk of closure. It would also give them access to a wider range of customers to spend within our local economy and would assist with tourism.
We believe that this would benefit the county, businesses, and the wider community and strongly believe that transport underpins community cohesion, reduces social isolation and exclusion of the elderly, the young (especially during holiday times in rural villages) and those members of the community who do not have access to their own transport.
Somerset County Council propose to establish the Total Transport Project, which offers better information obtained through their web portal. Aside from the fact that the most vulnerable in our community, who rely most heavily on public transport, do not the skills for, nor access to information technology, better information does not help an isolated elderly, disabled resident of a small village, who has lived there all her life, even if she does have access to the portal, when the transport services she requires do not exist.
Somerset experiences significant deprivation in the areas of housing and access to services (ONS- Somerset Summary Deprivation Indices); it is also experiencing the decline of village life.
Rejuvenating the rural community should be part of a long term integrated strategy, which includes affordable housing, local business and amenities, as well as health and social care and education.
For villages and rural communities generally, commercial services are not viable.
We believe that access to transport is a community entitlement, along with health, education, waste disposal and policing, all of which are paid out of national or local taxation. To this end, can you confirm if the council will;
1. Undertake a review and evaluation, based on quantitative and qualitative research of the transport needs of Somerset's urban and rural communities to implement an innovative integrated transport system to meet identified community needs, which operates alongside, but does not necessarily replace, private systems, which can operate within open commercial environments.
2. From the outcomes of the review to plan and develop imaginative and innovative solutions to a 21st century problem, to meet the needs of the diverse rural and urban communities
3. To undertake a financial review to support a socially and environmentally sustainable transport system, which is financially sound, supported by a hypothecated County precept (subsidised by National Government, where appropriate) with the specifics to be decided by review and evaluation of existing services.
Can I have a full written response to the above?
Thank you for your time.

Response from Cllr John Woodman, Cabinet Member for Highways and Transport

Thank you for your questions and the associated time and effort that has obviously gone into researching the impacts that may arise from changes to provision in rural services.

I can confirm that the Council reviews transport needs in the area, particularly when considering changes to services. We use this to work imaginatively with our bus operators and our communities to ensure that needs are met as far as is possible within our available resources. We take every opportunity to discuss innovative funding models with Government.

I understand that officers from our transport team have arranged to meet you to discuss these matters further.

12. Taunton Park and Ride

From John Hassall, Chairman Bus Users Group, Severnside Branch

We are often exhorted to talk up Taunton but how can we when transport facilities such as the Park and Ride are being cut on a Saturday from 2018 ?
Last weekend I went to Bath and passed Cambridge on my way to Bury St Edmunds. Both Bath & Cambridge have P & R's operating 7 days a week.
There are people who work in Taunton on both Saturdays and Sundays in Banks and retail in particular so how are they meant to get to work? Drive into Taunton and increase both Congestion and Pollution which I understood the County Council was trying to reduce.
I would love to talk up Taunton but how can I?

Response from Cllr John Woodman, Cabinet Member for Highways and Transport

The pattern of use for the Taunton Park & Ride is significantly commuter based with daytime and weekend use relatively low by comparison. On Saturdays, use of the service is 65% lower than on weekdays. Parking is more readily available in the town centre and car parking charges for shorter shopping visits are comparable with Park & Ride fares. The difference in charges is a limited incentive for those travelling into Taunton on a Saturday.

Whilst we recognise that the removal of the Saturday service will have an impact, the overall numbers using the service on Saturdays is low.

13. Children's Centres

From Katherine See

I wish to raise my concerns, again, over the council's proposals regarding the future of Somerset's Children's Centres. I have raised concerns at the Scrutiny Committee meetings and by letter but do not feel my questions have been satisfactorily or truthfully answered.
The public consultation is both leading and inadequate. I am aware that some councillors and many members of the public have raised this, yet nothing has been done to address this.
The public are being led to believe that their will be 8 actual Children's Centres remaining as a result of the proposal, yet the term “Family Hub” does not appear to mean Children's Centre in the terms that the public understand this. The new hubs will merely offer a sign posting service and will not actually host any groups or activities for families on site. The public are being misled.

The Council has held a procurement event and continues to invite tenders from private providers with a view to exploring how services may be most cheaply provided in the future. This information is not being openly shared with the public in order that they can make informed responses to the consultation.

The Council maintains that there will no drop in the level of services as a result of their proposals yet has failed on three occasions to answer my question as to how the situation at Dulverton can be explained. Dulverton Children's Centre, once a hive of activity and family support, now only hosts a once weekly appointment only health visitor clinic. There are no SCC Early Years services for the whole of Exmoor.

Response from Cllr Frances Nicholson, Cabinet Member for Children and Families

I note and thank Katherine for her interest and continuing input to this consultation process. As she will appreciate, an extensive process such as this will attract a wide array of opinions and views and we commit to considering every representation made during this consultation period. Our intention remains to provide a network of services that takes support to families where and when they need it. It is therefore right that we challenge existing delivery models that can be seen as being too focussed on physical infrastructure such as our expansive network of buildings. We do recognise the value that our communities place on these places and it is my challenge and that of the teams that support me to find the best possible blend of provision, be it from a fixed point such as a Childrens Centre or out in our communities and ensure that we support great outcomes for the children of Somerset. Katherine will know that the specific points that she raises in relation to Exmoor have already been rebutted on other occasions and in correspondence directly with her. So that all members should be aware of the facts, I will be providing this detail again in a written answer.

14. Hinkley B station
From Theo Simon

In the event of a serious off-site emergency at Hinkley B nuclear power station exposing people in Somerset to airborne radiation beyond the 3 km Emergency Planning Zone, how would Potassium Iodate tablets be distributed to all children in the affected areas in the timescale necessary?

Response from Cllr Anna Groskop, Cabinet Member for Corporate & Community Services

Current off-site emergency planning arrangements at Hinkley Point B (under the Radiation [Emergency Preparedness and Public Information] Regulations 2001 [REPPIR]) provide for detailed emergency planning arrangements from the site fence out to a 3.5km radius. This is the detailed emergency planning zone [DEPZ] as confirmed by the HSE's Office of Nuclear Regulation.

Within the DEPZ all households & premises are in receipt of a calendar (which gives emergency response information) and a supply of stable iodine tablets (with instructions for use).

Beyond the DEPZ the Hinkley Point B off-site emergency plan provides outline planning arrangements out to 15km. This extendibility planning area is broken down into three areas:

- *From 3.5 to 5km;*
- *From 5 to 10km; and*
- *From 10 to 15km.*

In the very unlikely event of a nuclear emergency the off-site plan would be triggered by the site operator, with the multi-agency Strategic Co-ordinating Group (led by the Police) overseeing & co-ordinating the response.

Detailed emergency planning arrangements are based around 'the worst credible event'. Beyond 3.5km outline planning is in place to respond to an incident which could have the potential to go beyond the worst credible event.

Such an incident would trigger the outline planning arrangements within the plan which, amongst other things, could include the requirement to distribute stable iodine tablets to downwind areas beyond the 3.5km zone. Such a decision would be taken dynamically by the strategic group at the time:

- *Downwind from 3.5km out to 5km – bulk storage reserve stocks are held locally and would be made available to householders within the area; and*
- *Downwind from 5km out to 15km – such an event would require immediate access to the national stockpile of stable iodine.*

Meeting of Somerset County Council held in the Council Chamber, Shire Hall, Taunton on Wednesday 29 November 2017 at 10.00am.

Written responses to questions to Cabinet Members

The following questions were asked of the Cabinet Members during the County Council meeting, who undertook to give written responses:

Member questions submitted in advance of the meeting:

1. Cresta Pool, Chard
From Cllr Amanda Broom

Can SCC confirm the current condition of Cresta Pool, Chard, and advise if the required finances will be spent to ensure it continues to remain operational at the appropriate standards?

Response from Cllr Anna Groskop, Cabinet Member for Corporate and Community Services

The extent of works required are currently being scoped by consultants, with the intention to go to tender thereafter. 1610 has requested any works should be programmed to be carried out April/May subject to contractor availability and this is what is being targeted.

2. Budget 2017/2018
From Cllr Simon Coles

We are told that details of any Budget Cuts for 2017/2018 will come forward for discussion in January 2018.
If this is correct, how will any cuts be implemented in time to allow Council to scrutinise and comment these proposals before implementation and year end? Let alone any discussion with Unions, Staff etc. should part of the answer be, a reduction in Staff and/or services bearing in mind, also, that there is a legal requirement to, set a balanced budget.

There will inevitably be a deficit “carry forward” Where are the cuts going to fall in order to maintain a balanced budget? As SCC is required to set and agree in a legal and balanced budget in February 2018 for 2018/2019

SCC is already carrying a large deficit. When will the final amount of any shortfall be announced? How does SCC propose to balance the budget for 2017/2018 by April 2018?

Is SCC about to borrow money to prop up the revenue budget?

What reassurance can the “cash strapped” Directorates have that, the required amount of Funding is secure for not just this year, but moving forward into 2018/2019? In particular, Adults Social Care and Children’s Social care where costs appear to be rising exponentially?

Response from Cllr David Hall, Cabinet Member for Resources and Economic Development

The proposals to balance the Medium Term Financial Plan for 2018/19 will go to Scrutiny committees in January and to Cabinet in February. They will follow the normal governance applied in previous years. Any consultations that those proposals require will be carried out in full before the final decisions are taken. This does indeed mean that some may not be ready for full implementation for the whole of the financial year ahead. The MTFP will take into account the part-year effects where appropriate. We will of course meet the statutory requirement to set a balanced budget in February.

I do not agree with the statement that we will inevitably carry forward a deficit and that this is a large deficit. Achieving an in-year financial position that does not have some element of overspend will be extremely difficult to achieve given our mid-year position but we are absolutely focussed on trying to do this. The spending pressures experienced in Children's Services are a national issue which many council leaders and finance leads have brought to the minister's attention on a very regular basis.

Lastly, it is not true that Adults Social Care and Children's Social care costs are rising exponentially. The total forecast cost for these two services is £190m, almost two thirds of our spend, but this has only marginally increased since last year. Forecasts throughout this year have been reasonably flatlined. The problem is that the budget available for these services is reduced because of the loss of grant. We are doing our best to identify savings across the council effectively to support those statutory core functions.

As ever, I would make a plea to all Councillors of all parties to come forward with any ideas they have to make savings. Suggestions can come forward at any point in the year and not just when budget proposals are presented.

3. Accommodation Allowances
From Cllr Simon Coles

How many members of staff are in receipt of any form of Accommodation Allowance?

When did Accommodation Allowances start being paid? And for how long? Is it for the duration of the individuals' service with SCC?

How many grades and which grades are eligible for these allowances?

What is the cost of these allowances? Per month or Per annum?

Is there an individual time and or payment amount limit? If so, what is it, Grade by Grade? May we have a comprehensive list?

How does SCC compare with our benchmark colleagues in other Councils around the South west?

May I have a written response to all of these questions?

Response from Cllr David Hall, Cabinet Member for Resources and Economic Development

Somerset County Council does not pay an accommodation allowance to staff. Like many employers, we do offer a relocation allowance to new staff where applicable and existing colleagues who are required to relocate. There is no restriction on grade, in terms of eligibility. We have also offered several locum children's social workers assistance with the first month's rent, when they need to secure accommodation in Somerset.

Relocation allowance is capped at £8,000, as per Inland Revenue guidelines and 13 employees have received this in 2017.

4. Vision for Somerset
From Cllr Liz Leyshon

Can Council be assured that the new Vision for Somerset will be a full and rounded view of the County we all serve? A Vision that, as well as focussing on essential economic development, reflects the unique natural environment, the heritage and culture of Somerset. A place where the people, together with their legacy and their future, are valued, supported and celebrated.

Responses from Cllr David Fothergill, Leader of the Council

Thank you for the question Liz. I totally agree that the Vision needs to be something that encompasses all of Somerset. I am also in complete agreement with you that as well as the economy, the Vision should take into account other important aspects of Somerset including our unique natural environment and can confirm it does do that. I would also like to point out that the Vision refers to reducing inequalities, and improving lives, two principles that are in reality more important than anything else. I am happy to share the latest draft of the Vision with Councillors and hope everyone will be able to talk up our Vision and by extension, talk up Somerset as we move from a draft to a signed off version over the coming months.

5. Children's Social Care
From Cllr Jane Lock

As the average caseload of children's social workers is rising to 20, it is clear that this figure is being kept artificially low by the half caseloads carried by students and the lower number of cases agency staff have. As our permanent social workers may have as many as 40 cases each could the Cabinet member confirm if she finds this acceptable and if not, what steps are being taken to address the issue?

Response from Cllr Frances Nicholson, Cabinet Member for Children and Families

I am grateful for this question which affords me an opportunity to highlight the great work of our social workers and our recruitment teams. The councillor will be delighted to hear since the summer of 2015 we have made over 165 permanent social worker appointments. This includes 70 ASYE's as we continue to grow our own workforce. Over the same period we have reduced turnover in frontline social worker roles from 23% to 8%. This means that our workforce has grown *considerably, the proportion of permanent social worker workforce has grown from less than 50% to almost 70% and we therefore rely on our temporary workforce much less than we have in the past. By any measure it is therefore misleading to suggest that any of our valued newly qualified social workers are artificially lowering caseloads. The opposite is indeed the case and we are committed to reducing caseloads further as our successful recruitment campaign continues.*

6. Childcare funding
From Cllr Jane Lock

In Yeovil, within the last few weeks, Health Visitors and get set recently ran a much needed parenting course. Unfortunately it had to be cancelled as there was no childcare available for the participants. I understand this was due to lack of funding. Surely this is a waste of time and effort as well as letting down the people who needed this help and had committed to engaging with those they thought could make a difference in their lives. Is this happening elsewhere in the County?

Response from Cllr Frances Nicholson, Cabinet Member for Children and Families

Getset offers a range of parenting courses in South Somerset as it does across the County. When planning such courses the provision of childcare is always discussed by the course facilitators with parents who wish to access the course. Where possible, Family Support Workers or Play Workers accommodate childcare by running crèches, so that parents can access parenting programmes.

If this isn't possible then parents are encouraged to ask their families, close friends, or usual childcare setting to provide child care. If parents need support with this, then Family Support Workers will liaise with the child's nursery/pre-school settings to ask if they can support the family to attend the course and often settings will endeavour to accommodate such requests by changing the session that the child would normally be booked to attend, if appropriate.

I would be grateful if the councillor could furnish me with details of the specific case she refers to so that I can investigate the situation albeit, as she says, it arose some weeks ago. I would encourage all members who have matters they are concerned about to raise them directly with me at the time rather than delaying.

7. Early Years
From Cllr Jane Lock

Could the Cabinet member comment on the recent charges introduced for Support Services for Early Years? With nurseries and other pre school settings struggling to deliver the 30 hours requirement, it seems that this is an added burden for them. Can she confirm support will remain free for settings with an OFSTED ratings of inadequate or requires improvement

Response from Cllr Frances Nicholson, Cabinet Member for Children and Families

Support from officers and deployment of Somerset Early Years Specialists related to RI and inadequate providers is and will remain free at point of delivery.

There is a universal Early Years offer funded by the local authority through providers can access support, advice and guidance on matters such as:

- *30 hours*
- *Safeguarding*
- *Guidance on policies*
- *Prevent duty*
- *EYFS learning and development*
- *Business planning and sustainability*
- *Committee support*
- *Childminders pre-registration*

Beyond this, reduced funding allocated to Local Authorities has made it necessary to review the cost of services offered to early years that are not statutory to ensure that they can still be offered locally to the sector.

8. Family Support Services
From Cllr Jane Lock
The consultation document on Family Support Services fails to clearly set out the possibility of a charity or private company delivering the service in the future. My concern at this point is the future for our staff. When we see the way that LD staff have been treated over their terms and conditions, with a Measures Letter being issued within weeks of their transfer, can the Cabinet member reassure Council that any staff transferred out under a Family Support Services contract will be protected from a similar outcome?

Response from Cllr Frances Nicholson, Cabinet Member for Children and Families

I am sure that the Councillor will join me in praising the work of our Family Support Services workforce. As I have already said this consultation process supports our desire to ensure that our services reach as many children and families as possible. A positive outcome for the children in Somerset remains our goal as we strive to both give our children the best possible start in life and embed our 'Think Family' approach across the Somerset workforce. Getting the future model of service delivery right will improve outcomes for our children. And of course I will consider the future of our staff through this process.

9. Learning Disability Service
From Cllr Tessa Munt

In the context of the disruption and distress caused to customers, their carers and staff on the transfer of the Learning Disability Service, could the County Council's HR & Organisational Development Director elaborate on the structures and employment arrangements for current County Council employees and workers insofar as the rights and protections they will enjoy, including under TUPE regulations, in the event of any service or part of a service being contracted out of the County Council in the future?

Response from Cllr Anna Groskop, Cabinet Member for Corporate and Community Services

Any transfer of a service outside of Somerset County Council is typically protected by TUPE regulation and as such is subject to relevant protection. Any changes to terms & conditions, irrespective of whether these are proposed for staff working within SCC or outside of the authority, have to be consulted on with staff and their *representatives and are therefore subject to agreement. Whilst it is impossible to comment with certainty on future structures and arrangements, transfers of staff and consultation are always done in accordance with relevant legislation and policy.*

Member questions asked at Full Council:

1. **A358/J25**
From Cllr Mike Rigby
Highways England will be launching a fresh consultation on the A358 Expressway routes in January.

This Council is currently planning improvements to J25 and they are currently subject to "direction" by Highways England which places a hold on those plans.

I don't think we should pass the J25 improvements through the Regulation Committee until after the Highways England consultation completes and the preferred route is announced.

We have had over 30 years to regret the Ilminster bypass design from its initial opening and I am concerned that we take a little time to ensure that the A358 Expressway, J25 improvement and Nexus Business Park are designed to function together as a co-ordinated programme.

I also think it is very important that this Council makes available its professional advice to affected communities during the Highways England consultation.

Q1. Will the Highways service publish impact statements for the M5 J25 improvement plans and Nexus Business Park access against each route option for the A358 Expressway before the public consultation closes?

Q2. Will the Council agree to defer Regulation Committee approval of the M5 J25 improvements until after the preferred route for the Highways England A358 Expressway is announced?

Response from Cllr John Woodman – Cabinet Member for Highways and Transport

Thank you for your questions on the M5 Junction 25 improvement scheme and Highways England's A358 scheme.

Firstly can I clarify that Highways England's 'direction' on our M5 J25 scheme is not connected in any way to their A358 proposals. The direction requests further information on traffic modelling and safety audit for the J25 scheme before HE's planning liaison team can finalise their response as part of their routine role in engaging on local planning matters. This information has been supplied and we are confident that all matters can be resolved prior to regulation committee determining the application in February.

Secondly it is important to note that the design of the M5 J25 scheme and the Nexus 25 development are not dependent on any route alignment for the A358 that may eventually be agreed through the Development Consent process for Highways England's improvement scheme. The M5 J25 scheme has been *designed to provide as much additional capacity at J25 as is possible, short of a grade separated solution which would be unaffordable; and to provide access to the Nexus 25 site at an early opportunity. The funding for this has been provided by the LEP, Highways England, TDBC and the Developer to unlock the employment opportunity and to support the wider growth of Taunton before 2021. The design of the schemes provides the opportunity for a link between the new A358 and the existing M5 J25 to be formed in the longer term if this becomes the preferred route emerging from Highways England's A358 scheme, so does not preclude any of their options being taken forward in due course.*

The promoters of the M5 J25 scheme (SCC, TDBC and the LEP) agreed some time ago that we should grasp the opportunity to take forward a localised improvement to unlock the economic opportunity in the area using LEP funding, rather than wait for the outcome of the A358 scheme. This was on the basis that the LEP funding is only available up to 2021; economic opportunity needs unlocking now rather than in the longer term; and there has never been any certainty that the A358 scheme will provide the localised infrastructure needed to overcome capacity constraints at J25 and access to the employment site. We have subsequently worked with Highways England to make sure that they take our proposals into account in developing their scheme. If we wait for the outcome of the A358 DCO process before progressing our scheme then we will lose the funding contributions which are time limited and there will be no local scheme to enable growth in Taunton, with the investment going elsewhere in the Region.

In response to your specific questions.
1. Proposals for M5 J25 and Nexus 25 are being treated as committed development by HE and have therefore been taken account of within their traffic modelling and appraisal of their scheme options. We have made it clear to HE that we wish to see more detailed figures in terms of the traffic impact of their scheme options as part of their consultation (we have asked for figures such as journey times and delays at key locations such as J25 under each option), so we will be able to understand how each option performs in tandem with our proposals which will assist us in formulating our response. Therefore the information you are seeking should be provided by Highways England as part of their consultation.
2. Since our M5 J25 proposal is not dependent on any route alignment for the A358 it is not necessary or appropriate to defer regulation committee approval for J25 until after the preferred route for the A358 expressway is announced.

2. A39 Road Improvements
From Cllr Ann Bown

With the current road improvements along the corridor of the A39, can I be assured that we are listening to our residents and that are working to resolve any problems in the area?

Response from Cllr David Hall, Cabinet Member for Resources and Economic Development

We are all always open to listening and recognise the considerable effects on Bridgwater. The town will also benefit from economic prosperity of Hinkley C and we will continue to monitor the road use situation.

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COUNTY COUNCIL

Minutes of an Extraordinary Meeting of the County Council held in the Council Chamber - Shire Hall, Taunton, on Wednesday 29 November 2017 at 1.15 pm

Present: Cllr C Aparicio Paul, Cllr M Best, Cllr A Bown, Cllr A Broom, Cllr P Burridge-Clayton (Vice-Chair), Cllr M Caswell, Cllr M Chilcott, Cllr J Clarke, Cllr S Coles, Cllr A Dance, Cllr H Davies, Cllr M Dimery, Cllr B Filmer, Cllr D Fothergill, Cllr G Fraschini, Cllr A Govier, Cllr A Groskop, Cllr D Hall, Cllr P Ham, Cllr M Healey, Cllr N Hewitt-Cooper, Cllr James Hunt, Cllr John Hunt, Cllr D Huxtable, Cllr M Keating, Cllr A Kendall, Cllr C Lawrence, Cllr M Lewis, Cllr L Leyshon, Cllr J Lock, Cllr T Lock, Cllr D Loveridge, Cllr T Munt, Cllr T Napper, Cllr F Nicholson, Cllr G Noel, Cllr J Parham, Cllr H Prior-Sankey, Cllr M Pullin, Cllr F Purbrick, Cllr B Revans, Cllr M Rigby, Cllr N Taylor, Cllr G Verdon, Cllr L Vijeh, Cllr W Wallace (Chair), Cllr A Wedderkopp, Cllr J Williams, Cllr R Williams and Cllr J Woodman

39 **Apologies for Absence** - Agenda Item 1

Apologies for absence were received from: Cllr N Bloomfield, Cllr L Oliver, Cllr D Ruddle and Cllr J Thorne.

40 **Declarations of Interest** - Agenda Item 2

Members' written notifications of interests were affixed to the Notice Board at the back of the Council Chamber for the duration of the meeting

41 **Public Question Time** - Agenda Item 3

There were none.

42 **Exclusion of the Press and Public** - Agenda Item 5

(1) The Council RESOLVED unanimously to pass a resolution under Schedule 12A of the Local Government Act 1972 to exclude the press and public from the meeting, on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, within the meaning of Schedule 12A to the Local Government Act 1972.

43 **Requisitioned item - Appointment of Honorary Aldermen** – Agenda Item 5

(1) The Council considered a report from the Monitoring Officer regarding the appointment of Honorary Aldermen. The policy had been agreed by Council in July 2017.

(2) The Monitoring Officer reminded members that the appointment were entirely honorary positions and brought no special rights but were intended to reflect the esteem of the wider community. Nominees must have served a minimum period of 12 years past service as a councillor of the County Council.

(3) The recommendations were proposed by Cllr Fothergill and seconded by Cllr Jane Lock.

(4) The Council RESOLVED by a majority vote to agree the four nominations of Ralph Clark, Dr Glyn Court, John Edney and Alan Gloak for the appointment of Honorary Aldermen.

(The meeting ended at 1.27 pm)

CHAIRMAN

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Chair's Information Sheet No. 3

Information

for County Councillors

From:	William Wallace, Chair of Somerset County Council

Date:	30/11/2017– 21/02/2018

To:	All County Councillors

Chair's Report – 30/11/2017- 21/02/2018

December 2017

1 December	The Chair carried out a walk around County Hall on Dress Down Day to promote the Chair of Somerset's Charites and Pennies from Heaven.
2 December	The Chair attended Carol Singing at Taunton Tesco with Reminiscence learning.
8 December	The Chair and Mrs Wallace attended a Civic Evening as the guests of the Mayor of Ilminster at The Warehouse Theatre to see 'Goodnight Mr Tom'.
11 December	The Chair attended the Somerset Music Schools Concert at Wells Cathedral.
14 December	The Chair and Mrs Wallace invited Open Storytellers, one of his Charities to do a stall in B Block reception and spend some time with them talking to staff.
14 December	The Chair attended the Panel meeting for the Chairman's Young Person Staff Award in the Chairman's Room.
14 December	The Chair and Mrs Wallace attended the Celebrating Talent at Cedars Hall, Wells School.
15 December	The Vice Chair attended the Somerset Skills and Learning Carol Service at St Andrews Church, Taunton.

January 2018

10 January	The Chair attended the Passion for Somerset Board meeting at Winchester House, Taunton.
15 January	The Chair attended the funeral of Campbell Main on behalf of SCC.
24 January	The Chair carried out a meet and greet with staff at Brympton Way, Yeovil and Shepton Mallet Offices to raise staff awareness of "Pennies from Heaven" for The Chairman's Charities.
25 January	The Chair attended the Holocaust Memorial Event at St John's Church, Park Street, Taunton.
30 January	The Chair attended the Citizenship Ceremony at The Old Municipal Buildings, Taunton.

February 2018

1 February	The Chair attended as the guest of Kit Chapman an Artful Eats and a Chorus of Drinks evening at the Great Hall of the Museum of Somerset.
12 February	The Chair carried out a meet and greet with staff at Bridgwater Office to raise staff awareness of "Pennies from Heaven" for The Chairman's Charities.
17 February	The Vice Chair attended a Charity Gin Tasting evening at Majestic Wines, Yeovil as the guest of the Mayor of Yeovil.
20 February	The Chair attended the Citizenship Ceremony with The Lord Lieutenant of Somerset at The Old Municipal Buildings, Taunton.
25 February	The Vice Chair will be attending a Presentation of Civic Awards event at St John The Baptist Church, Axbridge as the guest of the Mayor of Axbridge.

Somerset County Council

County Council
– 21 February 2018

MEDIUM TERM FINANCIAL PLAN [MTFP]

Report on the Robustness of the 2018/19 Estimates and the Adequacy of Reserves and Balances

Author: Kevin Nacey - S151 Officer, Director of Finance, Legal and Governance
Contact Details: kbnacey@somerset.gov.uk or 01823 359014

1. Summary

1.1 The core function of the MTFP is to forecast the Council's finances in detail and ensure that the Council's priorities can be delivered. This involves the Council considering its future financial position to develop a strategy that will deliver financial stability in the medium to long term.

1.2 The level of government grants has reduced which, when combined with cost pressures such as demography and inflation, means that finances are very challenging for the Council.

1.3 The purpose of this report is to provide an opinion under Section 25 (1) of the Local Government Act 2003 which requires the Section 151 Officer to report to Council on the "robustness of the estimates" and the "adequacy of the reserves and balances".

2. Recommendations

2.1 The County Council is recommended to note that, in my opinion as the Section 151 Officer:

a) "The estimates used in the production of the budget proposal for 2018/19 are adequately robust."

The County Council is also recommended to note the following statement, made on the basis of the assessments contained in this report:

b) "Based on the assessment of the reserves, contingencies and balances, the key financial risks identified, and the thorough process used for developing the Medium Term Financial Plan, I have determined that the level of reserves, contingencies and balances for the 2018/19 financial year is adequate".

3. Background

3.1 The MTFP Process

3.1.1 The preparation for the 2018/19 budget cycle commenced in outline over 3 years ago as part of the rolling programme that is a fundamental part of the MTFP. Since then, further detailed work has been carried out to review and update the information.

3.1.2 The financial review process has been supported by an extensive exercise to identify the impacts and the key risks within the budget for next year. This enables me to be confident that the process undertaken by the Authority provides a sound basis for the statements in this report and supports my view on the overall robustness of the budget and sufficiency of reserves and balances.

3.1.3 All estimates by their nature have a degree of uncertainty attached to them. They are however produced with the support of professional finance staff in the relevant service areas before being reviewed by the Financial Planning Team to ensure consistency of treatment. The accuracy of these estimates is a vital part of ensuring that the budget is robust.

3.2 Absorption of Pressures

3.2.1 For 2018/19 a number of budgetary pressures exist for the Council. The potential financial impact has been considered and amendments to the MTFP included where necessary. For example, in previous years services were expected to manage their pay inflation as the pay award has been at low levels, typically 1%. For next year the pay award is likely to be higher than 2% and this has been budgeted for and included in our balanced budget. Absorbing two years of 2% pay awards would be unreasonable on top of delivering savings across service budget. The budget is therefore more robust than in previous years because this has been factored into service budgets. In addition, the inflation required for the SCC contribution to the Waste Partnership has been specifically included.

3.2.2 The themed approach to the MTFP continues to target efficiencies through the use of technology and service redesign which will help absorb other demographic and contractual inflationary pressures.

3.2.3 The biggest pressures are faced by Adult Social Care, Learning Disabilities and Children’s Social Care Services. There are a number of factors causing this pressure but many are created by the lack of sufficiency in the market in certain high cost areas. The recognised improvement in Children’s Services needs to continue and this needs to be a fully costed, considered plan. The Director of Children’s Services is leading a piece of work prioritising the sufficiency of placements. This will identify a comprehensive set of actions with estimated costs to ascertain the correct level of funding required and work towards this priority for the Council. Many times it has been stated that good services cost less. We will ensure that our staffing costs and our expected care provision costs are forecast as accurately as possible.

3.3 Delivery on Savings

3.3.1 Over the last couple of years, the financial value delivered via approved savings proposals has reduced, reflecting the growing difficulty to achieve savings due in part to the cumulative impact of austerity. In many cases the savings that were not delivered will still be delivered but they took longer to realise. We have reviewed those that did not deliver and have assessed which savings are no longer viable savings options. This has been reflected in the budget gap we had to close.

3.3.2 The value of savings planned for 2018/19 is much lower than that needed in the previous year. These savings have to be delivered in full so that there is no ongoing impact on our budget or any one-off impact on our reserves.

3.4 Capital Investment Programme

3.4.1 The key risk traditionally in the Capital Investment Programme is that the actual costs are higher than estimated. The programme is well managed and we have not had any significant variations to approvals in the last few years. The current school building programme is extremely well run and we are confident of this continuing to be the case.

3.4.2 Services indicate their 'total scheme costs' when a scheme is approved. This improves accountability and provides a clear link between the initial estimate and the actual costs that arise. Actual costs are monitored on a monthly basis and any overspends would be identified. Overspends arise through unexpected additional works or inflationary costs arising from differences between estimates and tenders.

3.4.3 Many capital projects are financed from a range of sources including contributions from third parties. In the event of a default of a contributor or an overspend which cannot be negotiated between the parties, the Council could find itself funding the balance. Whilst the value of these risks is not considered to be particularly high, there could be a potential impact on the need for capital resources.

3.4.4 The level of borrowing for the forward programme is estimated and confirmation of funding from government for capital schemes is very difficult to predict. Much of the government's funding for infrastructure tends to be subject to bidding evaluation and can vary enormously from year to year.

3.4.5 To meet any unbudgeted capital costs within the proposed Capital Investment Programme that cannot be met through modifying the scope of the scheme or by redirecting resources from other projects, funding can be provided through the monies held within the Capital Fund. The Capital Fund is not as buoyant as it has been and will need to be replenished over time. During this period, it is particularly important to raise the level of capital receipts to manage any capital overspend and thereby limit any calls on the Capital Fund to those instances referred to in the paragraph above.

3.5 Conclusions

3.5.1 In terms of the Robustness of the Estimates, the key measurable risks contained within service budgets can be supported by the Contingency Budget. The Contingency Budget, including redundancy provision, is £9.8m.

3.5.2 **As Section 151 Officer, I am satisfied that the process carried out and the resulting content of the budget as described above has been sufficiently thorough to enable me to give Council the necessary assurance that the estimates are robust. This statement must however be read in conjunction with the remainder of this report on the levels of Reserves and Balances that supplement and support the assumptions made in the Budget.**

4. Adequacy of Reserves and Balances

4.1 Background

4.1.1 Under Section 25 (1) (b) of the Local Government Act 2003, a report is required from the Chief Financial Officer to advise on the adequacy of reserves. The Council is obliged to take account of these issues when setting the Council Tax and Budget for 2017/18.

4.1.2 Balances and reserves should be set at a level that recognises the financial risks facing the Authority. The greater the level of uncertainty and risk, the greater the likelihood of reserves being required at the end of the financial year. It is important that members understand the risks to approved budgets, maintaining sufficient reserves, balances and contingencies as well as managing a range of mitigations to limit as much as possible impacts on core services along with delivery of the priorities in the new County Plan.

4.1.3 In coming to a view on the adequacy of the reserves, it is necessary to take into account the following:

- The purpose of holding reserves and balances;
- The risks and uncertainties that may have financial consequences, their potential impact and likelihood of arising;
- The opportunity cost of holding reserves and balances.

4.1.4 The purpose of the General Reserve however is not to provide 100% cover for all possible eventualities, this would result in significant resources tied up against events that might not happen.

4.1.5 It is important to note that next year’s budget includes £2m to top up reserves and so too do the years ahead.

4.2 The Purpose of Holding Reserves and Balances

4.2.1 The Council’s financial environment is constantly changing, as are the demands on services and the needs of the County’s population and environment. Reserves are therefore required to ensure that the risks that the Authority faces do not destabilise the services that it provides during the year. Reserves are an important part of the Council’s financial strategy. They help to achieve long-term budgetary stability and allow the Council to manage change and short term fluctuations without undue impact on the Council Tax.

4.2.2 The Council holds revenue reserves in order to mitigate future risks over and above those managed through the Contingency Budget, such as:

- Excessive increases in demand and / or costs above the budgeted position arising from delays or failure to realise planned savings;
- Variations in forecast revenue income from Council Tax, National Non-Domestic Rates and other revenue streams;
- Uncertain future liabilities such as unforeseen insurance liabilities;
- Exceptional events identified through the Corporate Strategic Risk Register such as civil emergencies.

4.3 Risks and uncertainties

The Financial Climate

4.3.1 The Government's deficit recovery programme has significantly reduced the levels of funding in Local Government. The Council faces on-going challenges both within the current financial year, setting and delivering a balanced budget for 2018/19 and in agreeing the Medium Term Financial Plan.

4.3.2 The financial climate for local authorities is particularly uncertain both in relation to the totality of resources available for the sector and the distribution of those resources. Whilst we know what revenue support grant we can expect for the next three years to 2020/21, allocations of capital funding are only known with regard to highways. There is no consistent information on projected capital grants for future years. As funds have got tighter nationally, more bidding rounds for funding have been created with less certainty for all councils.

4.3.3 The Council continues to lobby for fairer funding for Somerset. Council tax increases alone will not sustain the budget increases required to meet demand in those services under most pressure. Children's Services budgets are under considerable pressure with market sufficiency and escalating costs as key concerns. This is local, regional and national issue that has not been recognised in the same way Adult Social Care funding has been noted.

4.3.4 Other External Risks with Potential Financial Implications

The Council is also vulnerable to financial risks arising from a range of other external factors, many of which have been identified through the Corporate Risk Register.

4.3.5 Civil Emergencies and Natural Disasters

Somerset has experienced adverse weather conditions in recent years such as major flooding incidents which could exceed budget allocations for operational services. Examples of the potential impact of events such as this include structural failure of bridges and landslips affecting the road network. In the short term, the additional resources required to make assets safe / operational would have to be met from General Reserves.

The Council continues to work with strategic partners to establish a viable Somerset Rivers Authority (SRA) to manage the risks. This includes the future proposal for the SRA to become a precepting authority and be able to raise its own council tax to support its planned work. For 2018/19, the local authorities in Somerset have been given dispensation to raise a precept equivalent to 1.25% for SRA related work.

4.3.6 Commissioning / Working with Partners / Supply Chain Failure

The Council commissions many of its services from third parties and increasingly works in collaboration with other organisations to commission outcomes. The process of commissioning helps ensure that the Council plans the multi-year transformation that will be necessary to support delivery of the County's priorities. The reduced level of public sector expenditure overall, along with the current economic wider climate is creating pressure within the supply chain as well as the Council's own operations. There have been a small number of high profile company failures in the social care sector and infrastructure industry, and in the local transport sector. The result is that the Council could incur additional costs from the need to re-procure and integrate a new supplier. If one of the Council's major contractors were to be affected in the future, there would be costs associated with implementing temporary arrangements and procuring replacement services.

4.3.7 Insurance Claims and legal challenge.

We have recently reviewed our insurance arrangements to minimise exposure for the Council and at the same time we have reduced costs. Although the maximum impact of any single legal claim against the Authority for negligence, for example, is currently limited to our £1m insurance excess, there remains a potential risk the Authority could face more than one claim in any one year which would exceed the capacity of the Insurance Fund and therefore impact on reserves.

4.3.8 School Places

The provision of new schools is predicated upon the timing and location of new residential developments. We are planning to meet the extensive need through borrowing and this is budgeted for within the forward MTFP.

4.4 The Opportunity Cost of Holding Reserves

4.4.1 A few years ago there was considerable criticism by DCLG around councils holding too much in reserves and external auditors (and armchair auditors) were encouraged to challenge why councils kept so much. Somerset's reserves have never been so high that this has been an issue but councils are encouraged to consider the balance between holding too much and too little money in reserves. If reserves are too small, this increases the Council's exposure to risk and endangers its capacity to deliver priorities in a planned and prudent fashion. If reserves are too large, money is unnecessarily tied up that could be supporting service delivery. However, it is important to remember that cash is not idle. The money the Council has in reserves is invested to earn interest and support our running costs.

4.4.2 It is acknowledged that SCC's reserves are now lower than they ought to be and next year's budget plans to increase reserves by £2m and to continue to do so by £2m per year until they are replenished sufficiently.

4.5 Key Reserves

4.6.1 The Council holds three main reserves for budgetary risk management – the General Revenue Reserve (GRR) to cover revenue risk and the Capital Fund (CF) to cover capital programme risk. There are also earmarked reserves which are used by the Council to mitigate some specific risks. Whilst many of these reserves have commitments against them or restrictions on their use, due to their shared nature with partners, there remains a small uncommitted element that could be reviewed in the event that the General Reserves were insufficient or needed to be protected.

4.6.2 The predicted reserves position at the end of March 2018 has been updated since the quarter 3 report that was presented to Cabinet on the 12th February. The update is shown in the table below:

	Value £m
Balance brought forward 2017/18	10.441
In year Transfers	(0.301)
Collection Fund Surplus 2017/18	4.871
Current Balance	**15.011**
Estimated in year overspend to be written off	(6.381)
Balance at March 2018	**8.630**
Base Budget contribution 2018/19	2.000
Estimated Collection Fund Surplus 2018/19	2.000
Balance at 31 March 2019	**12.630**

For the past few years, we have tried to keep a minimum of £15m in the General Revenue Reserve. We will be below that this year and will seek to replenish reserves accordingly.

5. Conclusion: Statement on the Adequacy of Reserves – Section 151 Officer

5.1 **"Based on the assessment of the reserves, contingencies and balances, the key financial risks identified, and the thorough process used for developing the Medium Term Financial Plan, I have determined that the level of reserves, contingencies and balances for the 2018/19 financial year is adequate".**

6. Implications

6.1 The financial and risk implications are contained within the report.
The MTFP report includes a strategic overview of the impacts of the savings targets developed using the themed approach.

7. Background Papers

7.1 Cabinet 12 February 2018 – Medium Term Financial Plan

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

Agenda item 7

Somerset County Council

Cabinet
12 February 2018

Paper A

2018/19 Capital Investment Programme

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

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	22/01/2018
	Monitoring Officer	Julian Gale	24/01/2018
	Corporate Finance	Stephen Morton	22/01/2018
	Human Resources	Chris Squire	22/01/2018
	Property / Procurement / ICT	Claire Lovett	22/01/2018
	Senior Manager	Kevin Nacey	01/02/2018
	Local Member(s)	All	
	Cabinet Member	David Hall	22/01/2018
	Opposition Spokesperson	Simon Coles	30/01/2018
	Relevant Scrutiny Chairman	Tony Locke Leigh Redman Hazel Prior-Sankey	30/01/2018
Forward Plan Reference:	FP/17/08/09		
Summary:	This report provides information to enable the Leader and Cabinet to recommend a Capital Investment Programme for 2018/19 along with indicatives to 2020/21 to Full Council in February.		
Recommendations:	**That the Leader and Cabinet agrees and recommends to County Council approval of:** 1. A Capital Investment Programme for 2018/19 of £91.973m shown in Appendix A. Full details of individual schemes are available online as background papers; 2. That the Chief Executive and relevant Senior Leadership Team Officer(s) following appropriate consultation and after giving due regard to the information contained within any associated impact assessments, are given delegated authority to decide on the specific individual projects to be delivered within generic approvals for their area of control		

	and to secure any necessary decisions in order to implement the projects; 3. Prudential Code Indicators as shown in Section 5 & Appendix C. 4. That the statement on the Minimum Revenue Provision be endorsed for the 2018/19 financial year (section 4)
Reasons for Recommendations:	As part of setting the annual budget the County Council has a statutory obligation preceding each financial year to: 1. Approve a Capital Investment Programme; 2. Approve the Prudential Code Indicators; and 3. Approve the Minimum Revenue Provision policy.
Links to Priorities and Impact on Service Plans:	The Capital Investment Programme is a vehicle that allows the Council to identify investment and resources to help support the delivery of the key priorities in the County Plan.
Consultations undertaken:	The views of Somerset's residents determine the priorities set out in the County Plan. This in turn determines the capital programme priorities. Relevant stakeholders should be consulted when individual schemes are being developed.
Financial Implications:	The financial implications arising from this report are all included within the detail of the report.
Legal Implications:	In determining its Capital Investment Programme for the year, the Council is required to have regard to the "Prudential Code" established in the Local Government Act 2003. This is addressed in the report.
HR Implications:	There are no direct HR implications arising from this report. However, staffing levels to deliver the programme, design and implementation needs to be considered.
Risk Implications:	Failure to identify and provide sufficient capital funding could reduce the ability to meet the County Plan priorities as well as the quality of the council's assets and therefore services provided. **Likelihood** 2 **Impact** 4 **Risk Score** 8
Other Implications (including due regard implications):	It is essential that decision makers ensure that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.

	When formulating Capital Investment proposals, services are required to consider the potential impact of any proposals on protected and vulnerable groups and specific cross-cutting issues-covering key areas such as Equalities, Community Safety, Sustainability, Health and Safety, Business Risk and Privacy. This is done with a view to identifying possible actions to mitigate negative impacts, considering whether proposals should be taken forward and identifying any opportunities to promote equality.
Scrutiny comments / recommendation (if any):	The relevant Scrutiny Committees for Policies and Place, Adults and Health and Children and Families met in January. The outcomes of the deliberations of Scrutiny Committees will be made available to Cabinet and Full Council.

1. Background

1.1. This report introduces the proposed Capital Investment Programme (CIP) for 2018/19. The CIP primarily relates to the assets which are held or used by the Council to operate or support the services provided to Somerset residents and covers such assets as Schools and Highways. Capital expenditure involves the acquisition, creation or enhancement of fixed assets with a long term value to the Council. It does not pay for the day-to-day running costs of council services which are met from the Revenue Budget.

1.2. Given the financial pressures that are being faced by the Council as identified in the Medium Term Financial Plan there is a need to invest in and improve the Council's financial self-reliance. This can be done through long term investment plans which allow the right investment decisions to be made e.g. by investing in infrastructure and assets that will generate greater financial returns, result in lower maintenance costs or improve the local economy and create jobs.

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

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

2. Capital Investment Programme 2018/19

2.1. The Council continues to deliver significant capital investment across the region which will provide improved infrastructure and facilities whilst supporting the Somerset economy. It also looks to ensure the impact on debt costs within the revenue budget is managed.

2.2. The recommended capital investment programme includes a significant investment in our schools. There will be 14 new schools and improvements to current capacity on another 10 sites over the four year programme. In year one much of the design and planning will take place with the majority of the build in year two. The funding of this investment is subject to further announcements by government either in our final settlement or separately as the DfE and other government departments reveal their capital allocations. It is not clear how much resource SCC will have towards funding its needs.

2.3. We have also submitted a bid to the Housing Infrastructure Fund in conjunction with Taunton Deane and Sedgemoor councils that would fund around £80m of infrastructure projects supported by the three councils. If this bid is successful, the resources to support the capital investment programme for SCC could be increased by £15m.

2.4. Despite the level of investment there remain a number of pressures facing the Council in future years and these will need to be addressed as business cases for investment as they are developed throughout the year.

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

3. Capital Resources

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

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

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

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

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

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

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

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

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

3.3. 3rd Party Contributions

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

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

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

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

3.4. Capital Receipts

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

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

3.5. Capital Fund

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

3.6. Prudential Borrowing

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

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

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

4. Minimum Revenue Position

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

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

5. Prudential Indicators relating to Capital Investment

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

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

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

6. Background Papers

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

Paper A Appendix A

Ref	Service	Scheme	2018.19 SCC Resources	3rd Party	Total
FP/17/09/17	Children's and Families	St Augustine's School	9,000,000	0	**9,000,000**
C18 - 001	Children's and Families	Schools Basic Need	9,900,900	0	**9,900,900**
C18 - 001	Children's and Families	Schools Condition	990,000	0	**990,000**
C18 - 001	Children's and Families	Schools Access Initiative	385,000	0	**385,000**
C18 - 001	Children's and Families	Schools Safeguarding & Security	1,700,000	0	**1,700,000**
C18 - 002	Children's and Families	Early Years Basic Need	1,400,000	0	**1,400,000**
C18 - 003	Children's and Families	Early Years Condition	604,098	0	**604,098**
C18 - 004	Children's and Families	Get Set	300,000	0	**300,000**
C18 - 005	Children's and Families	Special Provision	572,131	0	**572,131**
		Education and Skills	**24,852,129**	**0**	**24,852,129**
FP/17/09/13	Economic and Community Infrastructure	Colley Lane Southern Access Road	2,000,000	6,000,000	**8,000,000**
FP/16/12/02	Economic and Community Infrastructure	M5 Junction 25	0	11,172,000	**11,172,000**
FP/17/06/08	Economic and Community Infrastructure	Yeovil Western Corridor	2,373,358	6,193,000	**8,566,358**
C18 - 007	Economic and Community Infrastructure	Vehicle Incursions to Network Rail Infrastructure	150,000	150,000	**300,000**
		Infrastructure	**4,523,358**	**23,515,000**	**28,038,358**
C18 - 008	Economic and Community Infrastructure	Highway Structural Maintenance	22,750,000	0	**22,750,000**
C18 - 009	Economic and Community Infrastructure	Highway Lighting - Basic Need	250,000	0	**250,000**
		Structural Maintenance	**23,000,000**	**0**	**23,000,000**
C18 - 010	Children's and Families	Somerset Outdoor & Residential Learning Service Improvement Programme	288,750	0	**288,750**
C18 - 011	Economic and Community Infrastructure	Gritter Replacement Programme	333,000	0	**333,000**
C18 - 012	Economic and Community Infrastructure	Fleet Vehicle Replacement	980,000	0	**980,000**
C18 - 013	Economic and Community Infrastructure	Traffic Signals Recovery Programme	1,000,000	0	**1,000,000**
C18 - 014	Corporate and Support Services	Dillington House Improvement Programme	163,060	0	**163,060**
		Replacement Asset Programme	**2,764,810**	**0**	**2,764,810**
C18 - 015	Economic and Community Infrastructure	Bridgwater - Taunton Canal and River Corridor	20,000	0	**20,000**
C18 - 016	Economic and Community Infrastructure	Heritage Conservation	50,000	0	**50,000**
C18 - 017	Economic and Community Infrastructure	Public Rights of Way	213,000	0	**213,000**
C18 - 018	Corporate and Support Services	Corporate Property Investment (Major R&M)	325,000	0	**325,000**
C18 - 018	Corporate and Support Services	Corporate Property Investment (County Farms)	150,000	0	**150,000**
C18 - 019	Corporate and Support Services	A Block Priority 1 Improvements	6,441,500	0	**6,441,500**
		Structural Maintenance	**7,199,500**	**0**	**7,199,500**
C18 - 020	Economic and Community Infrastructure	Business Growth Fund	400,000	400,000	**800,000**
		Economic Development	**400,000**	**400,000**	**800,000**
FP/17/08/16	Economic and Community Infrastructure	Library Service Redesign	203,250	0	**203,250**
C18 - 021	Corporate and Support Services	Corporate ICT Investment	4,794,600	0	**4,794,600**
		Transformation	**4,997,850**	**0**	**4,997,850**
C18 - 018	Corporate and Support Services	Corporate Property Investment (Fire Precaution)	150,000	0	**150,000**
C18 - 018	Corporate and Support Services	Corporate Property Investment (Asbestos)	50,000	0	**50,000**
C18 - 018	Corporate and Support Services	Corporate Property Investment (Accessibility)	50,000	0	**50,000**
C18 - 022	Adult Social Care	Extra Care Housing Adaptation	70,000	0	**70,000**
		Other	**320,000**	**0**	**320,000**
			68,057,647	**23,915,000**	**91,972,647**

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Paper A Appendix B

Indicative four year Impact of 2018/19 Programme

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

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Paper A Appendix C

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

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Somerset County Council

Cabinet
12 February 2018

Paper **B**

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

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

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	22/01/2018
	Monitoring Officer	Julian Gale	25/01/2018
	Corporate Finance	Lizzie Watkin	22/01/2018
	Human Resources	Chris Squire	22/01/2018
	Property / Procurement / ICT	Richard Williams	22/01/2018
	Senior Manager	Kevin Nacey	01/02/2018
	Local Member(s)	All	
	Cabinet Member	Cllr David Hall	22/01/2018
	Opposition Spokesperson	Cllr Simon Coles	30/01/2018
	Relevant Scrutiny Chairman	Cllr Leigh Redman Cllr Hazel Prior-Sankey Cllr Tony Lock	30/01/2018
Forward Plan Reference:	FP/17/08/09		
Summary:	This report sets out proposals and supporting information to enable the Leader of the Council and the Cabinet to recommend the following to Full Council at its meeting on 21 February 2018: 1. Proposed Revenue Budget for 2018/19 2. Level of Council Tax precept for 2018/19 Information contained in this report is based on the Provisional Local Government Finance Settlement and final figures should be announced on the 5th February.		
Recommendations:	**The Leader and Cabinet are recommended to agree and recommend to Full Council:** 1. The 2018/19 Revenue Budget which sets i. Net Revenue Budget of £316,881,900; ii. Council Tax Requirement of £230,250,000;		

	iii. A Council Tax increase of 5.99% (including a 3% precept for Adult Social Care) giving a Band D value of £1,192.16; iv. Specific savings targets as shown in Appendix A after having due regards to the potential impacts identified in this report and its appendices 2. Continuing the Council Tax precept of £12.84 within the base budget for the shadow Somerset Rivers Authority (representing no increase). This results in a Council Tax Requirement of £2,506,900; 3. Delegation of powers to the Leader of the Council and the Section 151 Officer to finalise budget proposals and recommendations to Full Council on the 21st February 2018 if changes are required to reflect the Final Local Government Financial Settlement and ensure that a balanced budget is considered at Full Council. **The Leader, Cabinet and Council are recommended to note:** 4. Whilst the Council is able to present a balanced budget for 2018/19, it is on the basis that all savings proposals included are achieved;
Reasons for Recommendations:	To enable the County Council to meet its statutory requirements in respect of: • Determining a balanced budget; • Setting a Council Tax Requirement; • Issuing Precepts on the District Councils. The recommendations also recognise the separate responsibilities for: 1. The County Council to set the Annual Budget for 2018/19 2. The Leader of the Council, Cabinet and Officers to manage services, approve savings proposals and make changes within the overall envelope of the agreed budget, Schemes of Delegation and the Council's Financial Regulations.
Links to Priorities and Impact on Service Plans:	The MTFP is the vehicle that allows the Council to identify resources to deliver the County Plan and covers both Revenue and Capital resources.
Consultations and co-production undertaken:	Last year we held a large number of consultations with the public via our Tracker Surveys and "Listening, Learning, Changing" events, consulting over 7,000 residents. The level of council tax increase proposed this year is consistent with the feedback we received. This year's increase for the SCC core Council Tax element is in line with inflation and central government has

<table>
<tr><td></td><td colspan="6">increased the cap accordingly to reflect that. Special dispensation has been given to all councils with responsibility for Adult Social Care to raise a precept to increase funding for this service, and it is expected in government’s financial assumptions that all councils will do so.</td></tr>
<tr><td>Financial Implications:</td><td colspan="6">In order to calculate a balanced budget the Council estimates all future income and expenditure requirements; taking into account movements to or from reserves.

The financial implications arising from this report are included within the detail of the report.</td></tr>
<tr><td>Legal Implications:</td><td colspan="6">It is a statutory requirement under the Local Government Finance Act 1992 for the Council to set a balanced budget by 11 March of the preceding financial year.</td></tr>
<tr><td>HR Implications:</td><td colspan="6">The normal consultation and engagement with staff and recognised trade unions is being adhered to, and staff will be kept informed of the implications of all proposed decisions. It is estimated that a 45 day consultation with the unions will be necessary, as current savings proposals indicate the loss of more than 100 posts.</td></tr>
<tr><td rowspan="2">Risk Implications:</td><td colspan="6">The key risks are:

1. Slippage or under achievement of the proposed savings within the 2018/19 budget as there are limited resources available to address any significant in-year overspends and maintain a sustainable budget;
2. The failure to address areas of overspend that occurred in 2017/18 in the next financial year.

The Government’s continued deficit reduction programme has significantly reduced the levels of funding available in Local Government. The Council faces substantial on-going challenges to achieve a sustainable balanced budget

It is important that Members understand the risks to approved budgets, maintaining sufficient reserves, balances and contingencies as well as managing a range of mitigations to limit as much as possible potential impacts on core services, especially those prioritised in the County Plan.

As savings become ever more difficult to identify and then deliver, it is imperative that expenditure is kept within existing budgets.</td></tr>
<tr><td>Likelihood</td><td>5</td><td>Impact</td><td>5</td><td>Risk Score</td><td>25</td></tr>
</table>

Other Implications (including due regard implications):	It is essential that decision makers ensure that consideration is given to legal obligations, in particular the need to exercise the equality duty under the Equality Act 2010, to have due regard to the impacts based on sufficient evidence appropriately analysed. This however does not prevent the Council from making difficult financial decisions, such as the reductions in service or decisions which may affect one group more than another. What the duty requires is consideration of all available information, including the potential impacts and mitigations to ensure a fully informed decision is made. The proposals included within as part of the MTFP process, represent the direction of travel for the authority. Where known the equality impact of the proposals is summarised in Appendix E. There are a number of individual decisions that will subsequently arise as a result of delivering savings which will be subject to the production of equality impact assessments in line with the Council's equality impact assessment guidance.
Scrutiny comments / recommendation (if any):	All Scrutiny Committees met in January and the outcomes of the discussions will be made available to Cabinet and Full Council.

1. Background

1.1. The setting of the annual budget is one of the most important decisions the County Council makes each year. It is when the Council determines its income from council tax and the resource framework in which the Council will operate. It also delegates authority to Directors to manage the budget within the parameters set out in the Council's Constitution and Financial Regulations.

1.2. The County Council is operating in the most challenging conditions it has faced. The Medium Term Financial Plan continues to be set against a backdrop of uncertainty regarding funding in the longer term. What is certain is the continuing loss of government grant, an increasing level of demand for many services and a statutory need to be met to provide school places. The Council is at a point where only fundamental transformation will ensure a sustainable financial platform on which the council can continue to deliver for its residents.

1.3. Over the year ahead we will have to review all services in terms of their outcomes and their affordability. It is clear that Children's Services particularly, but also some parts of Adult Services, will need an injection of new funding by 2020. The Government has promised to augment Council resources with increased access to Business Rates and we must manage within existing resources until then. We will have to look carefully at our current spending plans to see what can be reduced maybe in the short to medium term to find funds to increase budgets for those services under the greatest pressure. The result of the latest Ofsted inspection is favourable but we will need to continue to invest to improve further. There will need to be a review mid-way through the next financial year to re-align some of our budgets to ensure that investment is possible.

2. Key Messages

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

2.2. Recommendations to Cabinet to close the budget gap include increasing council tax by 5.99%, including the Adult Social Care precept at 3%. This will help reduce the pressure to make savings and provide much needed funding to Adult Social Care to meet service demand.

2.3. In summary, therefore, the estimated £13m gap will be closed by raising an additional 1% on the general council tax (£2.1m), some revisions to more corporate non-service budgets (£1.5m) and £8.845m of service savings as per Appendix A.

2.4. The Band D charge last year for SCC was £1,124.79
The 2.99% increase for basic Council Tax will add £33.63
The 3% Adult Social Care precept will add a further £33.74

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

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

3. Local Government Financial Settlement

3.1. On 19 December 2017 the Secretary of State for Communities and Local Government Sajid Javid MP announced the Provisional 2018/19 Local Government Finance Settlement. The announcement set out provisional funding allocations for 2018/19 which were originally announced in December 2015 as part of the multi-year settlement offer. It also marked the start of a four week consultation period ending on 16 January 2018.

3.2. The main announcements from the settlement were

- An "aim" to localise 75% of business rates from 2020-21 and implementation of the new needs assessment;

- Confirmation of the continuation of the Adult Social Care precept including the flexibility to raise the precept to 3% this year but by no more than 6% over the 17-18 to 19-20 period;

- Increased council tax referendum principle from 2% to 3% for 2018-19 and 2019-20;

- Continuation of the Capital Receipts flexibility programme for a further three years until 2021/22;

- Rural Services Delivery Grant reduction for 2018/19 has been cancelled, providing a £500k increase in our expected funding;

- Revisions to the calculations for business rates baselines and New Homes Bonus that for SCC effectively reduces our available funding by £475,000;

- In addition to those already announced; ten 100% business rates retention pilots have been accepted for 2018-19, but Somerset was not successful in its bid;

- Consultation in the spring on “fair and affordable options” to tackle negative RSG in 2019-20. This does not affect SCC but it does affect some district councils in Somerset.

3.3. The Final Settlement was announced on the 6 February 2018 by the Ministry of Housing, Communities and Local Government (MHCLG). Included in this announcement was the commitment to continue supporting the additional pressures in Adult Social Care with additional one off funding through the Adult Social Care Support Grant (£1.561m). This has been allocated to the Adult services budget.

It was also announced that additional funding would be made available to recognise the particular costs of providing services in sparse rural areas. SCC received an additional £0.475m through the Rural Services Delivery Grant.

4. 2018/19 Revenue Budget Approach

4.1 In July 2017, the Cabinet agreed to continue with the new approach adopted in 2017/18 of identifying savings across Themes. This is an outcome-led approach aimed at redefining services to meet resident’s needs and to maximise available resources for the Council’s priorities. It remains critical that the Council takes a longer term, strategic approach, despite the fact that uncertainty over funding beyond 2020 makes that more challenging.

4.2 The Council has developed savings proposals required to close the estimated gap of £13m. The focus for delivering savings will be primarily through a comprehensive review of all existing and planned contracts, reducing our third party spend. Some of the savings in our contractual expenditure will be made via better procurement, working with our supply chain to reduce rates and unit costs but we must also try to reduce demand and the volume of activity put through those contracts. In some instances we will have the opportunity to revisit contracts about to expire and this provides the chance to rethink how we approach the market for the provision required and really examine what outcomes are most needed.

4.3 The second area of focus will involve trying to identify a number of smaller projects that will manage demand or find efficiencies within services. This will entail looking at our staffing and particularly management levels throughout the organisation to see if we can use technology better to try and see where any further efficiency can be made.

4.4 We have lost a further £10m in government grant and without a more permanent solution likely until 2020/21, we need to look to fund statutory and high priority services through a combination of savings and by increasing council tax.

4.5 The new service savings for 2018/19 of £8.845m are shown under themes in Appendix A. In addition to the value of new savings identified for 2018/19, we still need to deliver those savings planned for 2018/19 that were identified under the themed approach last year. These are shown in Appendix B.

5. Revenue Budget

5.1. On the basis that the Revenue Budget savings proposals are accepted as detailed in this report, a balanced budget requirement of £316,881,900 has been achieved; as shown in Appendix C and future (surplus) / deficits are

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

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

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

6. MTFP Governance

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

7. Council Tax Precept (Appendix D)

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

7.2. Adult Social Care (ASC)
The Adult Social Care precept was introduced in the 2016/17 Settlement for local authorities, with social care responsibilities to collect an additional precept to

generate new funding, to be spent exclusively on adult social care services. The 2018/19 Settlement has confirmed the continuation of the ability to levy this precept, and allows upper tier authorities to increase the 2% to 3% for this year. However the total increase over the three years to 2019/20 cannot be in excess of 6%.

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

7.3. Somerset Rivers Authority (SRA)

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

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

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

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

8. Schools Funding

8.1. The Schools Budget is funded entirely from ring-fenced government grant, therefore the process of setting the budget is managed separately but in parallel with the MTFP.

8.2. Detailed recommendations in respect of the Schools and Early Years Funding Formulae have been provided following consultation with the Schools Forum and the Compact Executive.

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

9. Implications

9.1. <u>Financial Implications</u>

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

Council will recall approving a revised Scheme of Members' Allowances in July 2017 following the election of the new Council. The changes made reflected the revised governance arrangements of the Council and included an indexing provision linking increases in the Basic Allowance and Special Responsibility Allowances to officer pay awards. This mechanism will be applied automatically when the officer pay award for 2018/19 is agreed. Beyond this, the Joint

Independent Remuneration Panel is not recommending any changes to the Council's Scheme so the current Scheme will continue to apply for 2018/19 with the figures updated as necessary to reflect the pay award. The proposed 2018/19 Annual Budget reflects this.

9.2. <u>Legal Implications</u>

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

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

If during 2018/19, the Section 151 Officer considers that the level of planned expenditure is greater than the available resources, then under Section 114 of the Local Government Act 1988 the Section 151 Officer is under a duty to produce a report to the Cabinet and for a Full Council meeting to be held within 21 days to consider it, and agree mitigating actions to achieve a balanced budget.

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

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

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

9.3. <u>HR Implications</u>

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

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

9.4. <u>Risks and Impacts</u>

Over the last couple of years, the financial value delivered via approved savings proposals has reduced, reflecting the difficulty of the proposals and the fact that all 'quick wins' have been taken.
Mitigation plans have to date been put in place to try to ensure that the Authority does not overspend. Nevertheless, this risk to the delivery of the 2018/19 budget is highlighted as previous mitigating actions are limited. Any overspends during

2018/19 will become a pressure on the allocated contingency budget and general reserves, but it should be highlighted that these funding sources are limited and cannot support significant overspends.

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

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

10. Background Papers

- County Council 15 February 2017: Report of the Leader and Cabinet; http://democracy.somerset.gov.uk/ieListDocuments.aspx?CId=137&MId=208&Ver=4
- Cabinet 10 July 2017 MTFP Development report http://democracy.somerset.gov.uk/ieListDocuments.aspx?CId=134&MId=352&Ver=4
- Cabinet 15 November 2017: Medium Term Financial Plan 2018/19 – Proposed Capital and Revenue Savings; http://democracy.somerset.gov.uk/ieListDocuments.aspx?CId=134&MId=377&Ver=4
- Provisional local government finance settlement: England, 2018 to 2019. https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2018-to-2019

2018.19 Savings Proposals

Paper B Appendix A

Service	Area	Proposal Title	Description	£
Economic and Community Infrastructure	Traffic Management and Road Safety	Staffing review and Traffic Management	A number of proposals related to income and charging to support traffic management activity such as congestion management, highway safety and parking demand. In addition there will be a need to reduce the teams by 2 posts.	(470,200)
Economic and Community Infrastructure	Economic Development	Reduce Inward Activity Levels to a minimum level	Savings could be made by reducing the campaigning and marketing work done with the district councils and the LEP; some savings would also be made in associated staffing.	(55,000)
Economic and Community Infrastructure	Commissioned services	Commissioning Team Service Redesign and Restructure	A mixture of charging increases, service reductions, including flood and water management, staff reductions in the infrastructure commissioning function, combining roles and restructuring the teams.	(144,000)
Economic and Community Infrastructure	Highways and Infrastructure delivery	Staffing review and delivery of Highways Contract Savings	These savings were planned as part of the new contract.	(114,800)
Corporate and Support Services	Legal Services	Reduction in the use of external legal capacity	This may on occasion slow down the response of legal services to other services. We would not let this affect urgent care proceedings and we would maximise use of trainee roles and existing staff.	(320,000)
Corporate and Support Services	Finance services	Reduction in service manager post serving corporate services	This work will need to be spread amongst existing service and strategic managers both within finance and within those services.	(50,000)
Corporate and Support Services	Corporate Affairs	Staffing reductions	This will be achieved by managing vacancies and a staff restructure of the teams.	(305,000)
Corporate and Support Services	HR	A mixture of third party and staffing expenditure savings	Various proposals including third party contract savings e.g. Occupational Health. In addition, a review of staffing levels in payroll and a management re-structure.	(210,000)
Corporate and Support Services	IT Services	A mixture of third party and staffing expenditure savings	This will be achieved by deleting a number of posts currently vacant, some contract efficiencies (notably through our Cloud first approach), and targeted service reductions.	(477,600)
Corporate and Support Services	Corporate Business Support	Reduction in support capacity to SLT	This will be delivered by deleting a vacant post in the Executive PA support team	(20,000)
Corporate and Support Services	Commercial and Business Services	Staffing reductions	Removal of a couple of posts that will further reduce procurement capacity.	(80,300)
Corporate and Support Services	Core Council (Change Programme)	Staffing reductions	This will be delivered by deleting two permanent posts	(120,000)
Corporate and Support Services	Property	Facilities Management savings	There will be a focus on office based services and resources both in County Hall and area hubs, resulting in more staff self service.	(298,500)
Corporate and Support Services	SSE	Efficiencies across trading activities	Working with our partners and customers to make efficiencies in all our activities.	(400,000)
Adults and Health	Adults and Health	Demand Management	Continuing with the demand management approach adopted in West Somerset in 17/18 and rolling this model out across Somerset. The approach to promote independence and enable the elderly to do more for themselves has reduced costs in west Somerset and is predicted to help deliver savings. The total budget for Adults' Services is £137m and the aim is to save £3.1m (2.3%)	(3,100,000)
Children and Families	Children's Services	Savings in cost of placements	A detailed analysis of spend across the main areas of expenditure within Children's Services shows that we are higher than average in residential placements. For example, Somerset has the second highest unit costs for residential care placements (external provision) compared to the five authorities most similar to us nationwide. We also have the second highest for usage of this type of provision. Given this and the pressure on the in-year placements budget, we are working on this area of the service to identify how we can both improve outcomes and spend less in this area. The saving can be made by converting 3 or 4 new or existing placements into fostering placements rather than residential but of course the risk is the timing, demand and of course matching the need to the provision as best we can.	(723,000)
Children and Families	Children's Services	Making efficiencies in our transport operations;	Much of the spend is in a statutory area of service in school transport but we know there is a higher than average cost in this service area. Working with the suppliers and given the difficult current market conditions, we need to be more innovative in how we redesign services, processes and behaviours that will help bring overall costs down. This will be done by working more closely with them, understanding their cost bases and in some cases establishing contracts that help the sustainability of supply but provide some reduction in the costs we need to bear.	(535,000)
Children and Families	Children's Services	Reducing the levels of business support to some operations;	There is terrific support provided by business support staff to front-line children's services but there is also opportunity to streamline some of the social work practice that drives the level of support. By increasing the use of technology and reviewing process through a comprehensive end to end review of the support provided this should generate significant savings in productivity in social workers and in other parts of the Council that interact with business support. This saving is very much linked with the Technology and People workstream.	(505,000)
Children and Families	Children's Services	Reviewing management levels in some areas of service.	In the last few years the priority to improve outcomes and service performance has meant that we have had to increase managerial input into design, development and management of service provision. We will now review the existing resources mostly to ensure we have the right skills and expertise in the right areas to improve the entire service further. This will mean however that there is opportunity to reduce in some areas the level of management we have needed previously.	(810,000)
Public Health	Public Health	Reduction in the Public Health training programme	The savings proposal for this budget is to reduce it by £107,000, through small reductions to a number of project budgets, including training. The initial view therefore is that this will only be a one-off saving for next year. This saving is considered to be achievable for the 2018/19 financial year but we will review subsequently whether other savings are possible.	(107,000)
			Service Savings Proposals	**(8,845,400)**
Non Service	Collection Fund	Council Tax Collection surplus - proportion to be included in the base budget	£1m of an estimated £3m.	(1,000,000)
Non Service	Business Rates Pool	Expected gain from Business rates pooling with district councils	Expected Gain from the Business Rates Pool.	(500,000)
			Non Service Savings Proposals	**(1,500,000)**
			Total Savings Proposals	**(10,345,400)**

2018-19 Savings Proposals

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

Prior Year Savings Proposals

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

Total Savings Proposals	**(11,917,700)**	**(5,795,600)**	**(3,196,600)**	**(20,909,900)**

2018/19 MTFP Control Totals

Appendix C

	2018.19 Budget
Adults Services	135,842,000
Children Services	65,692,700
Economic and Community Infrastructure Services	62,320,800
Public Health	982,600
Key Services	**264,838,100**
Corporate and Support Services	22,935,800
Non-service items (inc Debt Charges)	36,901,400
	324,675,300
Un-ring Fenced Grants	(7,367,600)
General Reserves	2,912,600
Earmarked Reserves	(736,000)
Contribution To / (From) Reserves, Capitalisation Flexibility and Capital Fund	(2,602,400)
Net Budget Requirement	**316,881,900**

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Somerset County Council's Proposed Council Tax 2018/19

Recommended Increase 5.99% Including Social Care Precept

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

Council Tax Precepts by District

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

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2018/19
Capital Investment Programme

Capital Proposal Forms

This appendix contains the detailed scheme information in support of the Capital Investment Programme items for decision contained in Appendix A of the Capital Investment.

2018/19
Capital Investment Programme

FP/17/09/17

St Augustine / Hazelbrook

Link to Report
http://democracy.somerset.gov.uk/documents/s5913/Selworthy%20School%20Taunton%20Appointment%20of%20Contractor%20to%20Deliver%20the%20Proposed%20Secondary%20Phase%20Hazel.pdf

2018/19 Capital Investment Programme Proposal Form

Schools Basic Need, Schools Condition, Schools Access Initiative & Safeguarding and Security – 2018/19

Cabinet Member(s):	Cllr Frances Nicholson – Cabinet Member for Children and Families
Division and Local Member(s):	All
Lead Officer:	Dave Farrow, Strategic Manager - Outcomes and Sufficiency
Author:	Phil Curd, Service Manager – Specialist Provision and Transport
Contact Details:	pjcurd@somerset.gov.uk 01823 355165

Summary of Proposed Investment:	This Proposal Form contains details of the capital requirements relating to: • Schools Basic Need • Schools Condition • Schools Access Initiative (SAI) • School Safeguarding & Security **Schools Basic Need** Somerset continues to respond to the increasing demand for school places, both mainstream and specialist provision, as the school age population in the county continues to rise. To ensure there are a sufficient number of school places, for all of Somerset's children over the next 4 years, £191,913,900 for Basic Need is requested. **Schools Condition** In addition to new places, schools must be maintained in an appropriate condition. In order to ensure an effective condition programme can be delivered on a priority basis, £17,600,000 of capital funding is requested over the next 4 years. **Schools Access Initiative** The third key area is the Schools Access Initiative (SAI). The Local Authority has a duty make reasonable adjustments to schools to ensure children with disabilities and physical and sensory impairments are able to access their local school. To address the delivery of capital works and facilitate the purchase of assistive technology £2,800,000 of capital funding over 4 years is requested. **School Safeguarding & Security** Over the last year, Ofsted inspections have identified a number of safeguarding and security issues at school sites,

	which can in part, be resolved through capital investment in fences and gates. This one-off bid will resolve the physical issues identified at local authority maintained schools and voluntary controlled schools. The works, at up to 81 schools, will cost around £2,500,000.
Reasons for Investment:	To deliver sufficient, fit for purpose school places for all children in Somerset and meet the Local Authority's statutory duty. To ensure schools building are safe and functional and that their condition does not detract from teaching and learning. To ensure that children with disabilities and physical and sensory impairments are not at a significant disadvantage when compared to their peers.
Links to Priorities and Impact on Service Plans:	The recommendations link to this **Headline Vision** in the **County Plan**: *"Our vision for Somerset is simple: More jobs; more homes; more powers from government; more local co-operation; better health; better education and prospects; better roads, rail, broadband and mobile signal."* The recommendations link to the following **Target** in the **County Plan**: *"We will aim to have better school results for all children across all key stages and in particular at GCSE and A-Level with a particular focus on disadvantaged children."*
Consultations undertaken:	Members have been consulted on the School Place Planning Infrastructure Growth Plan for Somerset which identifies our school place requirements for the next 14 years. Scrutiny Committee endorsed the need for an annual School Place Planning Infrastructure Growth Plan on 13th May 2016 Cabinet endorsed this approach to school place planning on 8th June 2016. The 2017 School Place Planning Infrastructure Growth Plan was published on the 30 June 2017 www.somerset.gov.uk/EducationIGP District Council housing data (planning portal, SHLAA papers (Strategic Housing Land Availability Assessment) and housing trajectories) provide the basis for housing included in the Infrastructure Growth Plan.
Financial Implications:	Where capital investment is required, officers will ensure funding is used as efficiently as possible, with a focus on making best use of existing infrastructure. The actual costs of each project will depend on their complexity, although this will be highlighted in Options Appraisals and Feasibility Studies.

Revised benchmarking and procurement processes are also supporting the Local Authority to drive down the cost of new schools and school extensions.

Site acquisition costs have not been included within this paper.

The total Capital Investment requirement within this Proposal Form is **£214,813,900**

Headline Requirements

Recommendation	Capital Request	Year Required
1 Schools Basic Need	£96,847,500	2018/19
	£40,060,200	2019/20
	£23,218,100	2020/21
	£31,788,100	2021/22
2 Schools Condition	£4,400,000	2018/19
	£4,400,000	2019/20
	£4,400,000	2020/21
	£4,400,000	2021/22
3 SAI	700,000	2018/19
	700,000	2019/20
	700,000	2020/21
	700,000	2021/22
4 Schools Safeguarding & Security	2,500,000	2018/19

In addition to the Capital Investment required from the Local Authority, officers will utilise (when received) an additional **£10,103,600** of Section 106 contributions which has been secured against specific housing developments.

Free Schools – DfE Bids
Where possible, officers will attempt to deliver new schools through the Free School route by working with sponsors to submit supported bids to the DfE.

If successful, these bids will save the Local Authority significant capital in the short-term, albeit, this is likely to be recovered, at least in part, from basic need grant funding in the future.

As the future of this programme and qualifying criteria is uncertain (there has not been a bidding round for almost 12 months), officers will still submit bids to the Capital Investment Programme on the basis that the Local Authority will have to

	meet the cost of all new schools if no alternative funding route is available or successful.
Legal Implications:	Recommendations and related Business Cases have been submitted in order to secure the capital investment required to ensure the Local Authority can fulfil its statutory duties. All bids are submitted after careful analysis of data available to the local authority. Delivery of individual projects will need to comply with relevant regulations, including those relating to planning and procurement. It is noted that developers may request to renegotiate their section 106 contributions at any time.
HR Implications:	The number of individual projects that are required to be delivered in order to keep pace with demand for school places will test the operational capacity of some service areas. Those service areas affected will include: • Schools Commissioners • Corporate Property • Corporate Finance • Schools Finance • Legal Services • Planning • Highways
Risk Implications:	Analysis of projection data identifies that demand on school places will significantly outstrip supply in some areas of Somerset, unless the recommended capital investment is approved. Where sufficiency of school places cannot be delivered locally, there is a risk that the Local Authority will be required to provide school transport to an increasing number of school children at a significant cost. There is also a risk that the Local Authority will suffer reputational damage if children cannot access a local school due to a lack of places. There are also risks relating to the assessment of capital requirement identified in individual business cases: • Costings are estimates and are typically not substantiated by up-to-date condition surveys. • General inflation will increase the cost of projects by the time they are delivered in 3, 4 or 5 years. • Contract costs, for services such as architecture and site surveys, will increase at an unknown rate. • Industry specific inflation will see price of certain materials increase well beyond the rate of inflation. • The costs of the programme may exceed the funding

	available • Developers can renegotiate their section 106 contributions. • Community infrastructure levy contributions have yet to be agreed between the County Council and the District Council. Where Section 106 contributions are due, their payment will be dependent on triggers within the agreement. Where triggers are not met (e.g. a developer stops building) contributions will not be received and the Local Authority will have to meet the shortfall from capital reserves.
Other Implications (including due regard implications):	**Access** Where new schools are built or existing schools extended, architects will be tasked to ensure that they are accessible and fully meet the needs of a wide-ranging client group. **Equality & Diversity** The bids for capital investment have been targeted to ensure that **all** children across Somerset are able to access a suitable school place in their local area. **Human Rights** The provision of good quality additional school places will support children to access education and develop and reach their potential. **Community Safety** Adequate local provision of school places may see an increase in the number of children walking and cycling to school. These children will typically live less than 2-3 miles from the school and will have been assessed as being on a safe route. There may be others who are attending a preferred or denominational school, whose parents may decide to make them walk or cycle over to 3 miles to school. In these instances, the authority will not have assessed their route. Where schools are expanded, this may lead to an increase in children travelling to school in cars. This in turn may have an impact on the communities living in close proximity to school at the start and end of the school day. This situation has the potential to create more hazards for pupils and parents who are walking or cycling to school. Typically, access to school sites is well supported by the provision of suitable footpaths and footways, many of which are well lit. As the Highways Authority, SCC has a general duty to assess individual roads, apply speed limits appropriately and install traffic calming measures if necessary.

	Sustainability Individual business cases will detail the level of capital investment required and any revenue savings that might be realised as a result of reduced school transport costs or energy efficient building design. **Freedom of Information / Data Protection** All information relating to school finance and projected pupil numbers, which has been used to inform business cases is, or will be, available to the public. Details relating to the future procurement of architects and contractors may be commercially sensitive and requests relating to that information will have to be assessed on an individual basis. **Health & Safety** Build projects resulting from successful bids for capital investment, will be planned and delivered with the health & safety of school children, staff and the local community a priority. **Health & Wellbeing** Additional local school places within statutory walking distance of their homes may see an increase in the number of children walking or cycling to school. This will have a positive impact on the physical fitness of those children and those parents who accompany their children to school. Build projects will be designed in a way that ensures that outdoor play space at schools is protected and in some cases enhanced, in order to promote physical activity. **Performance Issues** Where businesses cases recommend that an existing school is to be expanded, officers will seek assurance that the leadership team of that school or setting has the capability to manage an enlarged provision. Where new schools are to be built, The Secretary of State will determine a suitable Sponsor. **Partnership Issues** The delivery of the build projects identified in business cases, are heavily dependent on effective partnerships and stakeholder engagement. The Education Learning Infrastructure Board will monitor the performance of internal partners involved in delivering education buildings.
Scrutiny comments / recommendation (if any):	The School Place Planning Infrastructure Growth Plan for Somerset (IGP) was endorsed by Scrutiny on the 13th May 2016.

1. Background

1.1. Statutory Duty

The Local Authority has a statutory duty to ensure that there are a sufficient number of good quality school places for children in its area.

The Local Authority also has a statutory duty to provide free school transport to those children who have been allocated a school place which is not within statutory walking distance.

1.2. Local Pressures

The recommendations (and associated business cases) listed at the start of this document are the result of robust interrogation and analysis of projected population data, combined with officer knowledge of Somerset's school estate and financial reports relating to school transport.

It is recognised that in some parts of Somerset, there is a very real pressure on both primary and secondary school places over the next 5 years.

It must be recognised that funding is needed in advance of need to ensure that the places are available when the children require them.

In order to address these numerous pressures, significant amounts of capital investment are required to expand existing schools or build new ones.

1.3. Basic Need

Primary School Places
Somerset has seen a significant increase in the number of primary school places required over the last 5 years.

At first the increase was accommodated through using surplus places, and internal remodelling of schools. More recently additional accommodation and new schools have been built, and this will continue as there are fewer surplus places across the county.

School places need to be offered within 2 miles of a child's home (if under 8) to avoid Somerset County Council funding a school transport obligation. No infant class is legally allowed to take more than 30 children in a class.

Secondary School Places
The bulge in numbers that hit the primary sector is working its way towards the secondary sector. Significant increases in secondary pupil numbers are forecast from 2019 for the Bridgwater and Taunton area and for Yeovil from 2022, with continued growth in all three areas forecast through to 2030.

At first the increase in pupil numbers can be absorbed with surplus places; however from 2019 in Bridgwater and 2020 in Taunton additional places will be required in secondary schools.

Ideally places will be offered within 3 miles of a child's home to reduce the cost of school transport to Somerset County Council.

1.4. Condition

The LA is responsible for the condition of Community, Voluntary Controlled (VC) and Foundation schools. VA Schools and Academies are responsible for their own maintenance requirements.

Voluntary Aided (VA) schools receive LCVAP (Locally Controlled Voluntary Aided Projects) monies paid as grants to the Diocese.

Academies receive their maintenance funding from the Education Funding Agency and the Academy Trust is responsible for the maintenance and health and safety of their premises.

1.5. School Access Initiative

The LA has a duty make reasonable adjustments to mainstream schools to ensure children with disabilities and physical and sensory impairments are able to access their local school.

The Local Authority has recently become responsible for making reasonable adjustments at Academies and VA schools. This has increased costs significantly.

1.6. Schools Safeguarding & Security

The LA is responsible for the safety and wellbeing of all children in its schools and for the physical safety of Community and VC schools.

2. Options considered and reasons for rejecting them

2.1. Alternative options and reasons for rejecting them have been detailed in the individual business cases for each recommendation.

It is recognised that as project briefs are developed and feasibility studies undertaken the preferred option may change.

Capital Investment Programme 2018/19 Financial Information
Schools Basic Need

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	**99,315,700**
Revenue Contribution (b)	0.000
Third Party Funding (c)	2,468,200
Required SCC Resources (a-b-c)	**96,847,500**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
S106	2,468,200
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	9,900,900	64,122,400	19,850,200	2,974,000

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	2,468,200

Capital Investment Programme 2018/19 Financial Information
Schools Condition

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	4,400,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**4,400,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
S106	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	990,000	3,190,000	220,000	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Capital Investment Programme 2018/19 Financial Information
Schools Access Initiative

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	700,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**700,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
S106	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	385,000	245,000	70,000	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Capital Investment Programme 2018/19 Financial Information
Schools Safeguarding and Security

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	2,500,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**2,500,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
S106	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	1,700,000	800,000	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme
Proposal Form

Capital Investment Programme: Early Years Basic Need

Cabinet Member(s):	Cllr Frances Nicholson – Cabinet Member for Children and Families
Division and Local Member(s):	All
Lead Officer:	Dave Farrow Strategic Head of Outcomes and Sufficiency
Author:	Charlotte Wilson, Service Manager Early Years Commissioning
Contact Details:	01823 357386

Summary of Proposed Investment:	This Paper contains details of the capital requirements relating to the asset management plan of sufficiency of early year's places for 2018-19 and beyond. A separate bid is being placed for early years buildings conditions. Somerset is responding to the national requirement to increase early year's education provision along with the rise in the birth rate and the new housing within some of our towns. Furthermore, changes in legislation in 2016 place more need for increased spaces in early years. As numbers continue to increase there is less spare capacity in the system and new build is required to meet statutory duties. The proposals consist of new builds and expansions of provision to the sum of £9,450,000 between 2018/19 to 2022.
Reasons for Investment:	The latest county sufficiency assessment 'Childcare in Somerset 2017' has been drafted and will be published into the public domain from the 1st September 2017. This states our position against the duties detailed below, and in some areas shows insufficiency; therefore investment is needed to remedy this. The Childcare Act 2006 (*see*: www.legislation.gov.uk) requires Local Authorities to: • secure sufficient childcare, as far as is reasonably practicable, for the needs of working parents in their area (Section 6) • secure early years provision of a prescribed description is available free of charge to each young child that is eligible (Section 7) (Amended by section 1 of the Education Act 2011 and section 87 of the Children &

Families Act 2014)

- Make information, advice and guidance on childcare and any other useful services, facilities or publications available to parents and prospective parents in their area (Section 12)
- Provide information, advice and training to any persons who intend to provide care and to existing childcare providers in their area (Section 13) (amended under section 74 of the Small Business, Enterprise and Employment Act 2015)

Childcare is defined in Section 18 of the Childcare Act 2006 as “any form of care for a child”, including “(a) education for a child and (b) any other supervised activity for a child”.

The introduction of the **Childcare Act 2016 (**see legislation.gov.uk) has placed increased pressure on capacity as a new delivery model is in place from 1st of September 2017 to allow 3 and 4 year old children of working parents to claim 1140 hours of funded early years education instead of the current 570 hours from the term after they are 3, or after they receive an eligible code from the HMRC. The hours of operation have also changed to 6am-8pm instead of 7am - 7pm.

From previous investment, the conditions of most early year’s buildings on both schools and third party sites are good or very good (A and B graded condition). A separate conditions bid is being placed in addition to this paper due to specific issues identified with 4 buildings in the estate.

The change in legislation and increased house building in the county places a continued need for capital investment to meet the statutory duties.

The latest county sufficiency assessment ‘Childcare in Somerset 2017’ has identified areas of insufficiency that would need to be addressed if the private sector did not bridge the gap independently of the Local Authority. The areas of focus are:

Area	**Supply needed in:**
Sedgemoor	Bridgwater, Burham, Cheddar, Highbridge
South Somerset	Wincanton, Crewkerne
Mendip	Frome, Shepton Mallet
Taunton Deane	Taunton, Wellington
West Somerset	Watchet, Minehead

Links to Priorities and Impact on Service Plans:

The recommendation links to the following Vision in the County Plan:

	"Somerset is a place where people from all backgrounds have an equal opportunity to learn, work and enjoy themselves and to achieve their ambitions and full potential." The recommendation links to the following Priorities in the County Plan: "Somerset is a safer and healthier place where our children feel protected and safe." "Somerset is a place where everyone has an equal opportunity to learn, work and enjoy where they live. We strive to improve our schools and drive up results for our children at all ages." The recommendation links to the following Target in the County Plan: "Better schools producing better results for our children of all ages." The recommendation links to the Education Vision 2015 priorities for early years and schools. The recommendation links to the CYPP 2016-2019
Consultations undertaken:	Substantial consultation has been undertaken with the District Councils to understand future housing projects The Infrastructure Growth Plan for 2017 has also been published which contains schools forecast data and housing impacts. The early year's sufficiency assessment for the county- 'Childcare in Somerset 2017' has been drafted and will be published into the public domain as of the 1st of September 2017. This gives an estimate at district level of the sufficiency of 0-5 early years care. The bid proposals contained in this paper and the attached business case are based on these findings. The early years commissioning team have also conducted area sufficiency meetings in the 4 getset areas to gain more information about basic need. Members have been consulted on our strategy for ensuring the sufficiency of early years and school places in July 2014. The DFE have also provided weekly updates on the number of successful applications for 30 hours codes in the county.
Financial Implications:	There are a number of ways of creating new early years and school places, all of which cost different amounts. Our strategy is to create spaces within current accommodation, or restructure to avoid the need for significant capital investment in the first instance. Where capital investment is required, we look at maximising

	use of current infrastructure to minimise the cost of additional places, and new places with new construction only considered when there are no other options. Many early years and school projects require partnership working with District Councils through Section 106 or the Community infrastructure levy, the Education Funding Agency, the private and voluntary sector and other agencies. It is noted that developers may ask to renegotiate their section 106 contributions and there are no agreements yet with District Councils for contributions to education infrastructure from the Community Infrastructure Levy (CIL). If this did occur, this would most likely to occur before a project is finalised. This would result in the early years capital budget having to meet the shortfall, and this would mean that other future projects are delayed or do not go ahead. The formula for S106 and CIL contributions for early years has been adjusted this year to include 30 hours- it is now 5 places per 100 houses (see background paper) . The actual costs of each project will depend on the feasibilities and option appraisals along with the procurement methods used to deliver the places. Each new capital project can also access early year's revenue grants for developing and extending provision. This comes from the LA revenue budget for early years. The revenue grant awards for each capital project are based on the following limits: • Resources- new provisions maximum of £2400, existing provisions maximum of £1200. • Marketing- £500 maximum • Staffing set up costs- £1000 maximum • Ofsted registration-cost of new registration • Insurance- cost of additional premium (first year only) Estimated annual revenue implications for 2018/19: £4250 x 9= £38,250 required from LA revenue budget. There is current provision in the early year's revenue budget for this, but this is dependent on the budget being maintained at its current level. If the grants were not available, the provider who was setting up in the capital project would have to self-fund for the above elements.
Legal Implications:	All bids are submitted after careful analysis of data available to the local authority. Moving forwards, delivery of individual projects will need to comply with relevant regulations, including those relating to planning and procurement. It is noted that developers may request reconsideration of their section 106/CIL contributions.

	Failure to provide sufficient spaces may result in legal challenge from parents for both the existing universal offer and the new 30 hours offer.
HR Implications:	The scale of the work will have capacity implications for property services and for early year's project officers in commissioning and operations. The commissioning of projects must therefore balance the sufficiency needs with the limitations of resources in the local authority.
Risk Implications:	Analysis of projected data identifies that demand on school and early years places will significantly outstrip supply in some areas of Somerset, unless the recommended capital investment is approved. There is a risk that the Local Authority will suffer reputational damage if children cannot use their Early Years Entitlement and 30 hours extended entitlement in their preferred area. There are also risks relating to the assessment of capital requirement identified in individual business cases: • Costing's are estimates and are typically not substantiated by up-to-date condition surveys. This risk will be mitigated by asking for a survey as part of the feasibility before the project reaches final commission. • General inflation (CPI / RPI) could increase the cost of projects by the time they are delivered • Contract costs, for services such as architecture and site surveys, could increase Industry specific inflation may see price of certain materials increase well beyond the rate of inflation. • The final costs of the programme may exceed the funding available • Developers can renegotiate their section 106 contributions. • CIL contributions have yet to be agreed between the County Council and the District Councils. Where Section 106 contributions are due, their payment will be dependent on triggers within the agreement. Where triggers are not met (e.g. a developer stops building) contributions will not be received and the County Council will have to meet the shortfall from its resources.
Other Implications (including due regard implications):	**<u>Equalities Implications</u>** Access Where new provisions are built or extended, architects will be tasked to ensure that they are accessible and fully meet the needs of a wide-ranging client group. It is important that both wheel chair and pram access is included in plans for settings. Equality & Diversity The bids for capital investment have been targeted to ensure

that all children across Somerset are able to access early year's provision in the county.

Human Rights
The provision of good quality additional early year's places will support children to access education and develop and reach their potential. The United Nations Convention on the Rights of the Child (UNCRC) (1989) covers rights for children including the right to play (Article 31)

Community Safety Implications
If parents cannot access childcare, it may create a barrier for that family to access work, particularly in rural areas and over-subscribed urban areas.

The impact of a loss of quality, reliable childcare may be felt in industries not directly related through increases in staff lateness and absenteeism.

The impact on children of high quality childcare, particularly the most vulnerable children eligible for 2-year old funding, cannot be understated.

High quality early years provision has been demonstrated to have a significant effect on improving children's attainment throughout their education. Failing to deliver places will impact on the life chances of the most vulnerable.

The inability to access sufficient and suitable early year's spaces for the 30 hours scheme may prevent parents from increasing hours and finding ways back into work.

Sustainability Implications
Individual business cases will detail the level of capital investment required and any revenue savings that might be realised as a result of reducing the need to travel to settings by car or other transport, and building material costs or energy efficient building design.

Health and Safety Implications
Build projects resulting from successful bids for capital investment, will be planned and delivered with the health & safety of children, staff and the local community a priority.

Planning for capital build will also consider impact on environmental noise and if needed, include planting to screen noise from outdoor play areas.

Privacy Implications
All information relating to finance and early years numbers, which has been used to inform business cases is, or will be, available to the public.

Details relating to the future procurement of architects and

	contractors may be commercially sensitive and requests relating to that information will have to be assessed on an individual basis. **<u>Health and Wellbeing Implications</u>** Additional local early year's places within walking distance of their homes may see an increase in the number of families walking to settings. This will have a positive impact on the physical fitness of those children and those parents who accompany their children. Build projects will be designed in a way that ensures that outdoor play space is protected and in some cases enhanced, in order to promote physical activity. Providing additional spaces to meet the need for 30 hours may impact positively on health and wellbeing. Families that are able to return to work may improve their socioeconomic status and wellbeing.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. Our objective is to ensure all eligible children are able to take up high quality early education regardless of their parents' ability to pay – benefiting their social, physical and mental development and helping to prepare them for school.

The Effective Provision of Pre-school Education (EPPE) and other research projects have demonstrated that lasting improvement in social, communication and language skills occurs in children that attend high quality early years settings on a part time basis from the age of 2 years old. This is particularly effective for children from disadvantaged backgrounds.

All children need to learn in a safe, healthy, and age appropriate environment. As well as a statutory duty, it is in the interest of the Local Authority to invest in appropriate capital projects to ensure this is provided for the children of Somerset where it is needed.

There is a legal duty for Local Authorities to provide sufficient spaces for all 3 and 4 year old children, as well as eligible 2 year old children for 570 hours per year. For working parents of 3 and 4 year old children, this will increase in September 2017 to 1140 hours per year, if their application through the HMRC is successful.

1.2. **Early Years need:**
There has been a statutory requirement to provide 15 hours for all 3 and 4 year olds since September 2010 (it was 12.5 hours from 2000 for 4-year olds and 2005 for 3-year olds).

In 2009 there were 9,098 three and four- year olds eligible for early education in the county; this increased by over 3102 (34%) to 12,200 in November 2015.

In 2015 the government required Somerset County Council to provide 15 hours of free education for the 40% most disadvantaged 2-year olds; another 2,032 places. (20%)

Overall in the last five years an increase of 30% as well as the free provision the Local Authority has to ensure sufficiency of child care places for parents who want to pay for additional childcare. In Somerset, as at 04 July 2017, there were 332 child-minders and 316 group childcare settings, a total of 648 settings offering 11023 (0-4YO) places (a slight reduction from the spring 17 figures used in the calculations below).

The number of child-minders has been decreasing since 2011, reflecting the national trend. A significant number of schools and academies have either opened nurseries or taken over the management of a previously private or voluntary group.

All group childcare providers, and around half of child-minders, offer funded childcare places. The majority of providers (84% as of 2nd August 2017) have indicated they will be offering the extended (30 hours) entitlement.

The increase in birth rate along with new houses and the extension of the statutory provision has significantly increased the required provision. Initially provision was developed in surplus school places and community buildings however these are now saturated and further progression requires new provision.

The government is encouraging providers to set up new provision with the offer of schools to reduce their age range to two years. However, admitting pre-school age children may reduce a school's capacity to accept school age pupils.

The Government has promised to fund 30 hours of child care for 3 & 4 year olds for parents who work at least 16 hours a week from September 2017. This was enacted into legislation in March 2016 with the introduction of the Childcare Act 2016.

The number of eligible children in Somerset for the 30 hours is estimated at 4120 by the DFE. Whilst some children are already in existing provision, it is predicted that there will be high demand for the additional hour's places with 94% of parents completing the 30 hours survey commissioned by Somerset County Council in 2016 stating that they would take up the extra 15 hours per week.

1.3. '**Childcare in Somerset 2017' the county sufficiency report**
The DFE require the Local Authority to publish annual updates to the public about the sufficiency of early years and childcare provision in the county. The county sufficiency assessment 'Childcare in Somerset 2017' will be published from the 1st of September 2017, and the draft findings are used to calculate the number of projects required in each area for this bid.

2. Options considered and reasons for rejecting them

2.1. Alternative options and reasons for rejecting them have been detailed in the individual business cases (Appendix A). It is recognised that as project briefs are developed and feasibility studies undertaken the preferred option may change.

The option proposed is Option 2- Capital investment and is the rationale for submission of this bid paper.

3. Background Papers

3.1. Childcare Act 2006 Summary; http://www.4children.org.uk/Files/b0a1ee58-042b-4c84-8fd6-9f4b00f5f7d5/PolicyPractice4.pdf

3.2. Childcare Act (2016) accessed at: *http://www.legislation.gov.uk/ukpga/2016/5/enacted*

3.3. Somerset Children and Young People's Plan 2016-2019: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwid4eKBhZPNAhVBsxQKHf5oBjsQFgggMAA&url=http%3A%2F%2Fwww.somerset.gov.uk%2FEasySiteWeb%2FGatewayLink.aspx%3FaIId%3D42521&usg=AFQjCNFKGuUdLBIb4jb7hDoK3omz49CouQ

3.4. Key Decision: Revision of Section 106 contributions formula for Early Years Provision August 2017 http://democracy.somerset.gov.uk/ieDecisionDetails.aspx?ID=425

3.5. School Place Planning Infrastructure Growth Plan 2017 http://www.somerset.gov.uk/policies-and-plans/plans/early-years-and-school-place-planning-infrastructure-growth-plan/

3.6. 'Childcare in Somerset 2017' – please contact Julia Balmford for draft copy before 1st September 2017.

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	2,800,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	2,800,000

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions. The table above shows 5 individual bids i.e. 5 annual programmes.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018.19 £
ERDF	0
LEP/Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	1,400,000	1,400,000	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Revenue Implications

	2018.19 £
On Going Savings	0
One off Savings	0
On Going Pressure	£4250 x 9= £38,250 for start-up grants
One off Pressure	0

2018/19 Capital Investment Programme Proposal Form

Early Years Sufficiency - Condition

Cabinet Member(s): Cllr Frances Nicholson – Cabinet Member for Children and Families
Division and Local Member(s): All
Lead Officer: Dave Farrow Head of Outcomes and Sufficiency
Author: Charlotte Wilson, Service Manager Early Years Commissioning
Contact Details: 01823 357386 cwilson@somerset.gov.uk

Summary of Proposed Investment:	This Paper contains details of the capital investment required for addressing building condition to maintain sufficiency of early year's places in Somerset. In addition to the basic need requirements (see separate bid proposal) the local authority property services team have identified issues with two early years buildings after surveys were conducted. There is also a possibility that there could be issues with two further buildings of a similar construction, and therefore these have been included in the longer term bid proposal in case their replacement or repair is required. The bid proposal requests the amount of capital required for scheduled replacement of two buildings in 2018/19 at £2.124m, and the possible replacement of another two buildings in 2020-2021/22 at another £2.124m.
Reasons for Investment:	The **Childcare Act 2006** (*see*: www.legislation.gov.uk) requires Local Authorities to: • Secure sufficient childcare, as far as is reasonably practicable, for the needs of working parents in their area (Section 6). • Secure early years provision of a prescribed description is available free of charge to each young child that is eligible (Section 7) (Amended by section 1 of the Education Act 2011 and section 87 of the Children & Families Act 2014). • Make information, advice and guidance on childcare and any other useful services, facilities or publications available to parents and prospective parents in their area (Section 12). • Provide information, advice and training to any persons who intend to provide care and to existing childcare providers in their area (Section 13) (amended under section 74 of the Small Business, Enterprise and

	Employment Act 2015). Childcare is defined in Section 18 of the Childcare Act 2006 as “any form of care for a child”, including “(a) education for a child and (b) any other supervised activity for a child”. The introduction of the **Childcare Act 2016 (**see legislation.gov.uk) will place increased pressure on capacity as a new delivery model is proposed to allow 3 and 4 year old children of working parents to claim 1140 hours of funded early years education instead of the current 570 hours. The hours of operation are also proposed to be 6am-8pm. From previous investment, the condition of most early years buildings on both schools and third party sites are good over very good (A and B grade condition) However, after the need to replace the Brock House building (see below) further investigations in similarly constructed buildings have identified issues that need addressing through repair or eventual replacement.
Links to Priorities and Impact on Service Plans:	The recommendation links to the following Vision in the County Plan: “Somerset is a place where people from all backgrounds have an equal opportunity to learn, work and enjoy themselves and to achieve their ambitions and full potential.” The recommendation links to the following Priorities in the County Plan: “Somerset is a safer and healthier place where our children feel protected and safe.” “Somerset is a place where everyone has an equal opportunity to learn, work and enjoy where they live. We strive to improve our schools and drive up results for our children at all ages.” The recommendation links to the following Target in the County Plan: “Better schools producing better results for our children of all ages.” The recommendation links to the Education Vision 2015-2020. The recommendation links to the CYPP 2016-2019.
Consultations undertaken:	The County sufficiency report ‘Childcare in Somerset 2017’ has been drafted and will be published by the 1st of September 2017. This document assesses the current predicted sufficiency of each area in the county, the impact of housing developments, and the predicted sufficiency for the extended entitlement for 3 and 4 year olds. The Infrastructure Growth Plan 2017 has also been published

	and used to inform the decision making process. Property services have conducted surveys and investigations on the two buildings in 2017, and will be carrying out more investigations on the other two buildings to inform the decision making process and to prioritise the building conditions projects. The Cabinet Member for Children and Families has been briefed on the issues by the property services team and by the early years commissioning team.
Financial Implications:	There would be considerable financial implications on Local authority revenue and capital budgets if this bid was not approved. The early years revenue budget does not have capacity to fund relocation costs, loss of earnings, and sustainability grant support for the provisions affected if services had to stop whilst work is carried out. The work must be carried out in order to preserve the services operating from them and most importantly the long term safety of the children who use them. Note the previous buildings condition allocation was used to replace Tatworth Pre School building in 2017. There is no avenue for third party funding in these cases. The costings for building conditions are detailed in confidential appendix A. The building conditions bid proposal is for: **Capital implication** **18-19/19-20:** £2.124m - 2 replacement building projects. Further investigation will identify the sequencing of the projects based risk. **20-21/21/22:** A provisional bid of £2.124m for a further two buildings. Included on the basis that future surveys also reveal issues with the buildings. **Revenue implication** **18-19/19-20**: £0.650m – relocation of decant building and making good of site. **20-21/21-22**: £650.m – relocation of decant building and making good of site.
Legal Implications:	Failure to provide sufficient spaces may result in legal challenge from parents for both the existing universal offer and the new 30 hours offer. The Local Authority has a statutory duty to secure sufficient places for children and families as detailed above. Failure to replace these buildings may result in legal challenges from the providers that are running their

	businesses from the SCC owned premises. Any consequences such as loss of earnings may result in both reputational damage and costs to the Local Authority. Further enquiries will be made into any legal recourse relating to the cause of the deterioration and if there is any liability.
HR Implications:	The scale of the work will have capacity implications for property services and for early year's project officers in commissioning and subsequent operations.
	There is a risk that the Local Authority will suffer reputational damage if children cannot use their Early Years Entitlement and 30 hours extended entitlement in their preferred area. *JCAD REF: EDO0002* There are also risks associated with estimating the costs of buildings conditions projects which include: • Further complications with buildings may occur after the condition surveys. • General inflation (CPI / RPI) could increase the cost of projects by the time they are delivered in 3, 4 or 5 years. • Contract costs, for services such as architecture and site surveys, could increase at an unknown rate. • Industry specific inflation could see price of certain materials increase well beyond the rate of inflation. • The costs of the programme may exceed the funding available • The likelihood of securing alternative /decant accommodation for the service affected. Failure to secure funding from this bid process will considerably impact on the ability to provide any basic need provision for early years as the budget would have to be moved over to the identified buildings conditions projects. Failure to replace these buildings may result in legal challenge from the providers that are running their businesses from the premises. Any consequences such as loss of earnings may result in both reputational damage and revenue costs to the Local Authority.
Other Implications (including due regard implications):	**<u>Equalities Implications</u>** Access Where new provisions are built or extended, architects will be tasked to ensure that they are accessible and fully meet the needs of a wide-ranging client group. It is important that both wheel chair and pram access is included in plans for settings. Equality & Diversity The bids for capital investment have been targeted to ensure that all children across Somerset are able to access early year's provision in the county.

Human Rights
The provision of good quality additional early year's places will support children to access education and develop and reach their potential. The UNCRC (1989) covers rights for children including the right to play (Article 31)

Community Safety Implications
If parents cannot access childcare, it may create a barrier for that family to access work, particularly in rural areas and over-subscribed urban areas.

The impact of a loss of quality, reliable childcare may be felt in industries not directly related, through increases in staff lateness and absenteeism.

The impact on children of high quality childcare, particularly the most vulnerable children eligible for 2-year old funding, cannot be understated.

High quality early years provision has been demonstrated to have a significant effect on improving children's attainment throughout their education. Failing to deliver places will impact on the life chances of the most vulnerable.

The inability to access sufficient and suitable early year's spaces for the 30 hours scheme may prevent parents from increasing hours and finding ways back into work.

Investing in buildings conditions safeguards the wellbeing and physical safety of the children and families using the provision, as well as the staff working for the service.

Sustainability Implications
Individual business cases will detail the level of capital investment required and any revenue savings that might be realised as a result of reducing the need to travel to settings by car or other transport, and building material costs or energy efficient building design.

Any replacement building will potentially be more energy efficient than the current ones as they will be constructed using the most up to date materials and regulations for energy efficiency.

Health and Safety Implications
Build projects resulting from successful bids for capital investment, will be planned and delivered with the health & safety of children, staff and the local community a priority.

Planning for capital build will also consider impact on environmental noise and if needed, include planting to screen noise from outdoor play areas.

Investing in buildings conditions safeguards the wellbeing and

	physical safety of the children and families using the provision, as well as the staff working for the service. The decision as to which building to replace first will be heavily influenced by the health and safety of the users of the service. **<u>Privacy Implications</u>** All information relating to finance and early years numbers, which has been used to inform business cases is, or will be, available to the public. Details relating to the future procurement of architects and contractors may be commercially sensitive and requests relating to that information will have to be assessed on an individual basis. The information regarding the specific buildings in scope is sensitive information, and therefore will need to remain confidential until all required stakeholders consent to information being shared in the public domain. **<u>Health and Wellbeing Implications</u>** Additional local early year's places within walking distance of their homes may see an increase in the number of families walking to settings. This will have a positive impact on the physical fitness of those children and those parents who accompany their children. Build projects will be designed in a way that ensures that outdoor play space is protected and in some cases enhanced, in order to promote physical activity. Providing additional spaces to meet the need for 30 hours may impact positively on health and wellbeing. Families that are able to return to work may improve their socioeconomic status and wellbeing.
Scrutiny comments / recommendation (if any):	Not applicable

1. Background

1.1. Our objective is to ensure all eligible children are able to take up high quality early education regardless of their parents' ability to pay – benefiting their social, physical and mental development and helping to prepare them for school.

The Effective Provision of Pre-school Education (EPPE) and other research projects have demonstrated that lasting improvement in social, communication and language skills occurs in children that attend high quality early years settings on a part time basis from the age of 2 years old. This is particularly effective for children from disadvantaged backgrounds.

All children need to learn in a safe, healthy, and age appropriate environment. As well as a statutory duty, it is in the interest of the Local Authority to invest in appropriate capital projects to ensure this is provided for the children of Somerset where it is needed.

There is a legal duty for early years to provide sufficient spaces for all 3 and 4 year old children, as well as eligible 2 year old children for 570 hours per year. For working parents of 3 and 4 year old children, this will increase in September 2017 to 1140 hours per year if their application through the HMRC is successful.

1.2. Brock House – Norton Fitzwarren

In late 2013 issues were raised with regard to decay in the external decking at Brock House in Norton Fitzwarren. Further investigation revealed extensive wet and dry rot in the floor and wall structures, which ultimately resulted in the demolition and replacement of the building.

The report prepared by Faithful and Gould following the intrusive survey works undertaken cited the main cause of the decay to the floor structure to be inadequate ventilation of the sub floor void, in particular the lack of any airbricks in the dwarf foundation walls supporting the floor structure and inadequate preparation of the sub floor against the passage of moisture as defined in the Building Regulations.

On the 25th of February 2016, a key decision taken by the Strategic Manager, property client, commercial and business services was taken to carry major works to replace the building (Please see background papers).

1.3. Actions after issues with Brock House

Following on from the findings at Brock House, continued surveys on similar project builds were carried out in 2014 and 2017. These findings have prompted the need to submit a bid for buildings conditions to be able to proactively address identified problems.

2. Options considered and reasons for rejecting them

2.1. There are 4 options which have been considered:

1. Do nothing / do minimum
2. Replace the floor of the two buildings, and temporarily relocate the services
3. Replace the two buildings, and temporarily relocate the services
4. Carry out continual remedial repairs to the buildings.

2.2. Option 1- Do nothing: rejected

The issues identified in Appendix A highlight that to do nothing is not an option. This would increase costs to the Local Authority and pose a higher risk to the children, families and staff accessing the buildings.

The providers operating in the buildings must be able to continue operating their businesses, and providing a safe environment for children in their care. To do nothing would pose a very high risk; as this means the closure of early year's provision. Parents would not be able to return to work, and possibly lose their jobs from lack of childcare in the area. The providers would also suffer considerable financial loss in fees income, staff costs and liabilities.

2.3. **Option 4- Carry out continual remedial repairs to the buildings: Rejected**
This is not an option, as in this case it would not be viable to carry out continual repairs on the building. It would not address the issues identified.

2.4. **Option 3- Replace the two buildings, and temporarily relocate the Services:**
Recommended
This option is the more expensive one at £2.124m and £0.650m revenue, but is preferred due to the importance of:

- Due regard to statutory duty to secure sufficiency of early years places
- Safeguarding children's welfare and physical safety in both the short and long term
- Ensuring that providers can continue to operate in safe premises in the short and long term
- Preventing safety risks developing in the short term, and into the future
- Prevention of further long term costs from continuous small repairs and maintenance.
- Prolonging the life of the buildings and the assets in the estate.
- Slightly shorter timeframe for construction and decant

3. Background Papers

- Brock House Children's Centre, Norton Fitzwarren - Major structural rectification works (25th February 2016) http://www1.somerset.gov.uk/council/portfolio%2040/2016%20decisions/Brock%20House%20Children's%20Centre%20major%20structural%20rectification%20works.pdf
- Childcare Act 2006 Summary; http://www.4children.org.uk/Files/b0a1ee58-042b-4c84-8fd6-9f4b00f5f7d5/PolicyPractice4.pdf
- Childcare Act (2016) accessed at: http://www.legislation.gov.uk/ukpga/2016/5/enacted
- Somerset Children and Young People's Plan 2016-2019: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwid4eKBhZPNAhVBsxQKHf5oBjsQFgggMAA&url=http%3A%2F%2Fwww.somerset.gov.uk%2FEasySiteWeb%2FGatewayLink.aspx%3FalId%3D42521&usg=AFQjCNFKGuUdLBIb4jb7hDoK3omz49CouQ
- Key Decision: Revision of Section 106 contributions formula for Early Years Provision August 2017 http://democracy.somerset.gov.uk/ieDecisionDetails.aspx?ID=425
- School Place Planning Infrastructure Growth Plan 2017 http://www.somerset.gov.uk/policies-and-plans/plans/early-years-and-school-place-planning-infrastructure-growth-plan/

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Requests

	2018/19 £
Total Cost of Scheme (a)	2,124,342
Revenue Contribution (b)	
Third Party Funding (c)	
Required SCC Resources (a-b-c)	2,124,342

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	604,098	1,520,402	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Revenue Implications

	2018/19 £
On Going Savings	0
One off Savings	0
On Going Pressure	0
One off Pressure	325,000

Please enter all savings as a negative.

2018/19 Capital Investment Programme Proposal Form

Get Set

Cabinet Member(s):	Cllr Frances Nicholson – Cabinet Member for Children and Families
Division and Local Member(s):	All
Lead Officer:	Philippa Granthier, Assistant Director, Quality and Performance
Author:	Jeff Brown, Service Manager, Children's Commissioning
Contact Details:	01823358170, jbrown@somerset.gov.uk

Summary of proposed investment:	**Maintenance and improvement in children's centres to support Family Support Service development** In February 2018, Cabinet will consider reports which set out the approach to developing and implementing 'early help hubs' based on the integration of the current SCC getset service and the Public Health Nursing service currently delivered by Somerset Partnership NHS Foundation Trust. Over three phases, this development will create a single Family Support Service to provide universal health and wellbeing and targeted family support. Phase 1, from April 2018, addresses the initial development of the Family Support Service and a co-ordinated and coherent early help offer making better use of technology and the network of existing children's centres and local community venues. This phase includes the development of new management arrangements for many existing children's centre buildings and the co-location of SCC and health staff in remaining centres which will become the family centre hubs. It is in some of these remaining centres that capital investment is required to provide fit-for-purpose space for new activity provision and the co-located staff teams. Investment totalling £300,000 is proposed across five centres. From April 2019, Phase 2 will integrate Public Health Nursing (health visitor and school nurse) services with SCC's getset service, and beyond 2020 Phase 3 will consider further service integration to achieve a holistic model. Phase 1 plans include the development of eight Family Centres in existing SCC-owned Sure Start Children's Centres. In order to maximise the effectiveness of the family support service, investment is required to remodel and refurbish the centres.
Reasons for investment:	Investment is required in the following buildings: • Sydenham Children's Centre, Bridgwater. • Hillside Children's Centre, Taunton. • Williton Children's Centre. • Reckleford Children's Centre, Yeovil.

	• The Key Centre, Frome. In order to: • Ensure compliance with Health and Safety regulations. • Create fit-for-purpose space for the delivery of family support. • Accommodate expanded teams as Public Health Nursing and getset staff co-locate. • Enable development of Family Support Service over next two years. • Deliver the proposals to be considered by Cabinet (reference EP/17/11/06).
Links to Priorities and Impact on Service Plans:	The development of the Family Support Service supports the priorities outlined in the Health & Well-Being strategy and the Children & Young People's Plan 2016-2019 (specifically Programme 2 and Programme 5). Plans to rationalise the children's centre estate are in line with SCC's refreshed approach to asset rationalisation approved in November 2017. Effective delivery of Phase 1 Family Support Service proposals is dependent on improvements and alterations in some buildings.
Consultations undertaken:	Family Support Service proposals have been subject to wide public and stakeholder consultation. Proposals for alteration and improvement to centres have been discussed with Property Services and estimated costs have been provided.
Financial Implications:	The identified refurbishment and remodelling costs to support the proposals totals £300,000.
Legal Implications:	Buildings constructed or brought into service as children's centres with grants under the Sure Start programme are subject to capital claw back if they are not used for the provision of early childhood services. Investment in the buildings will ensure they remain fit for purpose and can support the delivery of family support services in coming years. Procurement and management of refurbishment and remodelling work will be via Corporate Property with support from the Procurement Team in order to ensure compliance with SCC guidelines.
HR Implications:	None
Risk Implications:	Failure to ensure the centres are fit for purpose will impede the Family Support Service development and reduce the effectiveness of the service which can be provided. Without remodelling, some centres will be unable to accommodate the co-located teams, requiring additional accommodation to be

	secured. This will increase the cost and reduce the ability to invest the saving in front line delivery.					
	Likelihood	2	**Impact**	2	**Risk Score**	4
Other Implications (including due regard implications):	**Health and Wellbeing** The planned improvements will contribute to creating a positive working environment, which will support a smooth transition for staff moving into co-located team bases. **Sustainability** Effective maintenance prolongs the useful life of plant and protects and enhances the value of a building and its equipment. **Health and Safety** Through planned improvement works, risks to health and safety of employees and members of the public will be reduced.					
Scrutiny comments / recommendation (if any):	Not applicable					

1. Background

1.1. Development of Sure Start Children's Centres

Children's centres provide access to a range of services for children under five and their families, including child care and early education provision; family support; health, training employment and services; and the provision of advice and information.

Somerset's children's centres were established under the Sure Start brand from 2001 and developed in three phases. Starting with the most disadvantaged areas Phase 1 saw the development of 15 centres from 2001 to 2007, 18 were developed 2007 to 2009 in Phase 2 and a further 8 in Phase 3 from 2009 to 2011. At the completion of the development programme Somerset had 41 designated centres registered and subject to Ofsted inspection. Somerset's centres were initially managed by a mix of public and voluntary sector organisations.

Following review, rationalisation and reorganisation in 2013/14, Somerset has 24 centres which retain the Sure Start designation.

1.2. Planned and reactive maintenance

SCC investment in its children's centres over the past five years has been predominantly reactive, focusing on repair rather than upkeep. This approach results in a steady decline in the overall condition of the centres and a reduction in the quality of the working environment as decoration, fixtures and fittings deteriorate. It also risks high-cost repairs being required where lack of routine maintenance allows small issues to become major problems – for example where wooden window frames rot.

As many of the children's centres are now 10-15 years old the need for additional investment is clear.

1.3. **Family Centres**
It is proposed that children's centre buildings in the following locations are developed to provide family centres and to support the wider Family Support Service:

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

Wherever possible centres will provide the main operational base for the area's co-located team as well as a venue for the delivery of family support services. To fulfil this dual role effectively each centre must have the necessary office space and facilities, and some currently do not.

2. Options considered and reasons for rejecting them

2.1. **Do nothing**
A key principle of the Family Support Service proposals is to develop co-located teams in Phase 1 (2018/19) and integrated teams with an enhanced service offer through Phase 2 and beyond (from 2019/20). Centres need to accommodate the larger co-located teams and to provide space in which an enhanced service offer can be delivered. Doing nothing is therefore not an option.

2.2. **Fund works from revenue budget**
Alongside the investment in buildings outlined above, the family support service development requires investment in workforce development and digital technology. There are also transition costs associated with the alignment and integration of staff and service offer. These costs will add pressure to the revenue budget. Funding the works from the revenue budget is therefore not an option.

3. Background Papers

3.1. Cabinet Forward Plan reference FP/17/11/06: Family support services for Somerset – Final report on recommendations for how the service will be delivered Detail of Phase 1 development.
Cabinet Forward Plan reference FP/17/08/13: Family support services for Somerset – final report on recommendations for the service model Detail of Phase 2 development.

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	300,000
Revenue Contribution (b)	0.000
Third Party Funding (c)	0.000
Required SCC Resources (a-b-c)	**300,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0.000
LEP	0.000
Others (e.g. District Councils)	0.000

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	300,000	0.000	0.000	0.000

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0.000	0.000	0.000	0.000

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0.000	0.000	0.000	0.000

2018/19 Capital Investment Programme
Proposal Form

Deployment of DfE Special Provision Capital Fund allocation to SAI

Cabinet Member(s):	Cllr Frances Nicholson
Division and Local Member(s):	All
Lead Officer:	Phil Curd – Service Manager, Specialist Provision & School Transport
Author:	As above
Contact Details:	01823 355165 or pjcurd@somerset.gov.uk

Summary of Proposed Investment:	This document builds on a parallel submission for Schools Access Initiative: **Schools Access Initiative** The Local Authority has a duty make reasonable adjustments to schools to ensure children with disabilities and physical and sensory impairments are able to access their local school. To address the delivery of capital works and facilitate the purchase of assistive technology £2,800,000 of capital funding over 4 years is requested. This additional paper is requesting that the above request is, in part, funded by the DfE Special Provision Capital Fund allocation the LA will receive over each of the next three years. Specifically: **That the Special Provision Capital Fund Allocation of £572,131 in each of the next 3 years is allocated to the SAI budget and used for capital works at mainstream schools which will enable children with complex medical needs and disabilities to attend a mainstream school in their community.**
Reasons for Investment:	To deliver sufficient, fit for purpose school places for all children in Somerset and meet the Local Authority's statutory duty. To ensure schools building are safe and functional and that their condition does not detract from teaching and learning. To ensure that children with disabilities and physical and sensory impairments are not at a significant disadvantage when compared to their peers.
Links to Priorities and Impact on Service Plans:	The recommendations link to the following **Target** in the **County Plan**: *"We will aim to have better school results for all children across all key stages and in particular at GCSE and A-Level with a particular focus on disadvantaged children."*
Consultations undertaken:	The LA is expected to make decisions on how it will spend its funding allocation in consultation with local stakeholders.

As engagement with parents and young people is crucial, the LA worked in partnership with Somerset Parent Carer Forum (SPCF) and held a series of consultation events across Somerset in June 2017.

This was followed by an online consultation run by SPCF, allowing those parents / carers and the feedback will be used to inform the Local Authority's decision.

The consultation was based on 4 options, co-produced by Somerset County Council, SPCF and the Head Teachers of Somerset's maintained special schools.

Options for Consideration

After engagement with stakeholders and in view of the Local Authority's SEND Strategy, the following options were taken forward for consultation:

- Create additional places in maintained special schools in Taunton & Bridgwater.
- Create additional ASD Resource Base places on mainstream school sites in Yeovil & Taunton.
- Provide reasonable adjustments at mainstream schools across Somerset to meet the needs for pupils with physical impairments / disabilities or complex medical needs.
- Create a match-funding pot for FE / Post-16 providers to improve or expand provision for students with EHCPs.

Consultation Feedback

At the consultation events, stakeholders were asked to vote for their single preferred option. In total, 94 people participated in the exercise.

As some of the options were geographically specific, some geographic preferences were expected. This proved to be the case in Yeovil, where the delivery of additional ASD Resource Base places proved to be the most popular option whilst in Frome, a town without a large college; investment in Post-16 provision was most popular.

The votes received for each option, at each event are displayed below in Figure 1.

To ensure those that didn't attend the consultation events were still able to express a view, the SPCF ran an online consultation exercise using their social media platforms.

A further 42 people engaged in this exercise and the results are shown in Figure 2.
Combined results are shown in Figure 3.

Figure 1

Venue	Special School Places	ASD Resource Base Places	Reasonable Adjustments in Mainstream	Post-16
Bridgwater	2	1	6	4
Taunton	2	5	6	0
Frome	3	4	4	11
Street	1	0	9	2
Yeovil	0	18	3	3
Minehead	0	2	7	1
Total	8 (9%)	30 (32%)	35 (37%)	21 (22%)

Figure 2

	Special School Places	ASD Resource Base Places	Reasonable Adjustments in Mainstream	Post-16
Votes	7 (17%)	11 (26%)	14 (33%)	10 (24%)

Figure 3

	Special School Places	ASD Resource Base Places	Reasonable Adjustments in Mainstream	Post-16
Combined	15 (11%)	41 (30%)	49 (36%)	31 (23%)

Financial Implications:

Where capital investment is required, officers will ensure funding is used as efficiently as possible, with a focus on making best use of existing infrastructure.

The actual costs of each project will depend on their complexity, although this will be highlighted in Options Appraisals and Feasibility Studies.

Revised benchmarking and procurement processes are also supporting the Local Authority to drive down the cost of new schools and school extensions.

The financial implications for the LA are:

Year	Capital Request	DfE Allocation	Local Authority Allocation
2018/19	£700,000	£572,131	£127,869
2019/20	£700,000	£572,131	£127,869
2020/21	£700,000	£572,131	£127,869

<table>
<tr><td>Legal Implications:</td><td>Recommendations and related Business Cases have been submitted (in the parallel paper) in order to secure the capital investment required to ensure the Local Authority can fulfil its statutory duties.

All bids are submitted after careful analysis of data available to the local authority.

Moving forwards, delivery of individual projects will need to comply with relevant regulations, including those relating to planning and procurement.</td></tr>
<tr><td>HR Implications:</td><td>The overall number of individual projects that are required to be delivered on the schools estate will test the operational capacity of some service areas.

Those service areas affected will include:
Schools Commissioners
Corporate Property
Corporate Finance
Schools Finance
Legal Services
Planning
Highways</td></tr>
<tr><td>Risk Implications:</td><td>Where suitable school places cannot be delivered locally, there is a risk that the Local Authority will be required to provide school transport to an increasing number of school children at a significant cost.

There is also a risk that the Local Authority will suffer reputational damage if children cannot access a local school due to access issues.

There are also risks relating to the assessment of capital requirement identified in individual business cases:
Costings are estimates and are typically not substantiated by up-to-date condition surveys.
General inflation will increase the cost of projects by the time they are delivered in 3, 4 or 5 years.
Contract costs, for services such as architecture and site surveys, will increase at an unknown rate.
Industry specific inflation will see price of certain materials increase well beyond the rate of inflation.
The costs of the programme may exceed the funding available.
<table><tr><td>Likelihood</td><td>3</td><td>Impact</td><td>3</td><td>Risk Score</td><td>9</td></tr></table></td></tr>
<tr><td>Other Implications (including due regard implications):</td><td>Access
Where new schools are built or existing schools extended, architects will be tasked to ensure that they are accessible and fully meet the needs of a wide-ranging client group.

Equality & Diversity
The bids for capital investment have been targeted to ensure</td></tr>
</table>

that **all** children across Somerset are able to access a suitable school place in their local area.

Human Rights
The provision of good quality additional school places will support children to access education and develop and reach their potential.

Community Safety
Where schools are expanded, this may lead to an increase in children travelling to school in cars. This in turn may have an impact on the communities living in close proximity to school at the start and end of the school day.
This situation has the potential to create more hazards for pupils and parents who are walking or cycling to school.

Typically, access to school sites is well supported by the provision of suitable footpaths and footways, many of which are well lit.
As the Traffic Authority, SCC has a general duty to assess individual roads, apply speed limits appropriately and install traffic calming measures if necessary.

Sustainability
Individual business cases will detail the level of capital investment required and any revenue savings that might be realised as a result of reduced school transport costs or energy efficient building design.

Freedom of Information / Data Protection
All information relating to school finance and projected pupil numbers, which has been used to inform business cases is, or will be, available to the public.
Details relating to the future procurement of architects and contractors may be commercially sensitive and requests relating to that information will have to be assessed on an individual basis.

Health & Safety
Build projects resulting from successful bids for capital investment, will be planned and delivered with the health & safety of school children, staff and the local community a priority.

Health & Wellbeing
Additional local school places within statutory walking distance of their homes may see an increase in the number of children walking or cycling to school. This will have a positive impact on the physical fitness of those children and those parents who accompany their children to school.
Build projects will be designed in a way that ensures that outdoor play space at schools is protected and in some cases enhanced, in order to promote physical activity.

	Partnership Issues The delivery of the build projects identified in business cases, are heavily dependent on effective partnerships and stakeholder engagement. The Education Learning Infrastructure Board will monitor the performance of internal partners involved in delivering education buildings.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. Statutory Duty

The Local Authority has a statutory duty to ensure that there is a sufficient number of good quality school places for children in its area.

The Local Authority also has a statutory duty to provide free school transport to those children who have been allocated a school place which is not within statutory walking distance.

1.2. School Access Initiative

The LA has a duty make reasonable adjustments to mainstream schools to ensure children with disabilities and physical and sensory impairments are able to access their local school.

The Local Authority has recently become responsible for making reasonable adjustments at Academies. This has increased costs significantly.

2. Options considered and reasons for rejecting them

2.1. Alternative options and reasons for rejecting them have been detailed in the individual business cases for each recommendation.

It is recognised that as project briefs are developed and feasibility studies undertaken the preferred option may change.

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	572,131
Revenue Contribution (b)	0
Third Party Funding (c)	572,131
Required SCC Resources (a-b-c)	**572,131**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
DfE	572,131

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	572,131	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	572131	0	0	0

2018/19
Capital Investment Programme

FP/17/09/13

Colley Lane Southern Access Road

Link to Decision
http://democracy.somerset.gov.uk/ieDecisionDetails.aspx?ID=591

2018/19
Capital Investment Programme

FP/16/12/02

M5 Junction 25 Improvement Scheme

Link to Report
http://democracy.somerset.gov.uk/ieDecisionDetails.aspx?ID=196

2018/19
Capital Investment Programme

FP/17/06/08

Yeovil Western Corridor

Link to Decision
http://democracy.somerset.gov.uk/ieDecisionDetails.aspx?ID=474

CIP Ref: C18-007

2018/19 Capital Investment Programme
Proposal Form

Vehicle Incursions to Network Rail Infrastructure – Managing the Accidental Obstruction of the railway by Road Vehicles

Cabinet Member(s):	County Councillor John Woodman, Cabinet Member for Highways & Transport
Division and Local Member(s):	Upper Tone, Cllr John Thorne Blackdown & Neroche, Cllr James Hunt Mendip Central & East, Cllr Philip Ham Wincanton & Bruton, Cllr Anna Groskop
Lead Officer:	Mike O'Dowd Jones, Strategic Commissioning Manager – Highways & Transportation
Contact Details:	01823 356238 modowdjones@somerset.gov.uk
Author:	Andrew Turner, Strategic Manager – Highway Maintenance
Contact Details:	07977401896 ; ASturner@somerset.gov.uk

Summary of Proposed Investment:	This proposed investment is required to implement mitigation measures at four sites in Somerset to reduce the potential for road vehicle incursions onto the railway where it runs adjacent to or under the public highway in Somerset.
Reasons for Investment:	In 2001, a vehicle incursion onto the railway at Great Heck, North Yorkshire resulted in a collision with a train and the deaths of ten people. The subsequent Health and Safety Executive investigation obliged local highway authorities, in partnership with Network Rail, to identify road/rail interfaces at risk from vehicle incursion and to implement measures to reduce that risk. To help local authorities and Network Rail identify high risk sites, the Department for Transport (DfT) produced a risk scoring matrix. Whilst all locations scoring 90 or more require mitigation, sites scoring 100 or more were considered priority areas requiring immediate attention. Sites are identified and regularly reviewed by the council in conjunction with Network Rail to take account of changes in the condition of the highway and railway infrastructure. There are currently four sites in Somerset that fall within the scoring criteria referred above; • Asham House, near Wellington • Pinkwood Lane, near Bruton • Bunns Lane, near Trudoxhill • Strap Lane, near Upton Noble This bid reflects the basic requirements needed to introduce or upgrade existing mitigation measures at the four sites in accordance with national guidelines, and to reduce their risk score below 90.

	In their letter of 2 August 2017, the DfT questioned the progress made by Somerset County Council in providing mitigation against vehicle incursion. The DfT has also requested the timetable for delivering the outstanding mitigation measures.
Links to Priorities and Impact on Service Plans:	Implementation of measures to improve safety at road/railway interfaces contributes directly to the 2016-2020 County Plan Vision for Somerset: • Vision for Somerset – better roads and rail, reducing potential for disruption to the travelling public. • Keeping roads safe – We will maintain our highways to allow our communities to travel safely. Medium Term Financial Plan, The capital strategy for 2016/17 to 2018/19 relating to this proposal can be summarised as follows: • Pro-active management of our assets; Service Plans and relevant Policies – in particular the Social Value Policy (approved in October 2014). • Reduction of risk of harm to the traveling public – road and rail users. The investment positively supports the Council's objectives on the delivery of these objectives.
Consultations undertaken:	No consultations have been made relating to this proposal but consultation with Network Rail and local consultation will take place when we look at specific mitigation measures to be introduced at individual sites. This Capital Investment Programme Proposal Form is seeking funding to fulfil the risk-based mitigations set out by the DfT in their document titled, 'Managing the accidental obstruction of the railway by road vehicles' dated February 2003.
Financial Implications:	Failure to have followed national guidelines in the event of an incursion potentially leaves the authority open to legal challenge in respect of a failure to carry out its statutory duties. In the event of an incident resulting in personal injury, disruption or damage to railway assets, this carries a significant cost to the authority if successful. Costs for Great Heck 2001 are estimated at £30m-£50m. Costs for 2004's Ufton Nervet incident are estimated at £30m. Any new highway assets will require some form of maintenance, repair or replacement over its lifetime. Irrespective of the engineering solution adopted at each site, all future revenue costs will be met from the revenue base budget for highways. National guidance from the DfT identifies cost sharing arrangements with Network Rail for the design and installation

<table>
<tr><td></td><td colspan="6">of incursion mitigation measures. This proposal is for those proportions of the individual scheme costs accruing to Somerset County Council.</td></tr>
<tr><td>Legal Implications:</td><td colspan="6">Somerset County Council as the highway authority has a legal duty under the Highways Act to maintain the highway in accordance with nationally recognised standards.</td></tr>
<tr><td>HR Implications:</td><td colspan="6">None</td></tr>
<tr><td rowspan="4">Risk Implications:</td><td colspan="6">Should this programme not be taken forward, there are significant legal, reputational and financial risks for the authority.

Department for Transport interest in the implementation of mitigation measures has resulted in sites and local authorities not making sufficient progress being publicly identified.

In the event of an incursion incident resulting from a failure to act, the authority may be subject to challenge under the Highways Act 1980. Financial costs arising from incidents involving the railway network are severe.

Highway maintenance is highlighted on the Council’s Corporate Risk Register JCAD ref ECIH0002</td></tr>
<tr><td>Likelihood</td><td>3</td><td>Impact</td><td>4</td><td>Risk Score</td><td>12</td></tr>
<tr><td colspan="6">Bridges and structures are highlighted on the Council’s Corporate Risk Register JCAD ref ECIH0005.</td></tr>
<tr><td>Likelihood</td><td>4</td><td>Impact</td><td>4</td><td>Risk Score</td><td>16</td></tr>
<tr><td>Other Implications (including due regard implications):</td><td colspan="6"><u>Community Safety Implications</u>
Improved safety and therefore reliability for highway and railway users..

<u>Sustainability Implications</u>
The investment will have no implications (positive or negative) to sustainability.

<u>Health and Safety Implications</u>
The capital investment proposal decreases the risk of vehicle incursions on to the railway network at the identified sites thereby improving the safety of the rail / road travelling public.</td></tr>
<tr><td>Scrutiny comments / recommendation (if any):</td><td colspan="6">Not applicable.</td></tr>
</table>

1. Background

1.1. Rail / road interface programme of risk reduction as a result of the Great Heck train crash on 28 February 2001 in which 10 people were fatally injured. The Great Heck train crash involved a road vehicle obstructing the railway line and derailing a passenger train which then collided with a freight train. There were ten deaths and several injuries to passengers and staff.

1.2. The Department for Transport (DfT) produced a publication 'Managing the accidental obstruction of the railway by road vehicles' in February 2003. Various bodies, including the Health and Safety Executive (HSE), contributed to this publication which details a risk ranking process to be followed at each road over rail bridge and each adjacent rail/road site.

1.3. The report set out what the highway authorities, rail infrastructure authorities and other organisations needed to do to identify how they could jointly manage the risk of road vehicles getting onto the railway. It included a protocol for apportioning responsibility and costs of mitigation measures.

1.4. Following a subsequent vehicle incursion at Aspatria, these Guidance notes were revised in 2016 to provide additional advice on scoring the risk from runaway vehicles on roads converging with a parallel road. The additions were drafted by the Department for Transport and Network Rail and approved by the UK Bridges Board and the Office of Rail and Road.

2. Options considered and reasons for rejecting them

2.1. The provision of engineering measures to manage and mitigate the accidental obstruction of the railway by road vehicles are within the control and direction of the Highways Group. In terms of maintaining existing assets, these would normally be promoted through either the Structures Team or Highway Asset Management team.

2.2. It is currently not possible to promote the installation of new infrastructure as there is no budgetary provision specifically for safety fencing or any other form of vehicle restraint system.

3. Background Papers

3.1. Letter from the Department for Transport dated 2 August 2017.

3.2. Managing the accidental obstruction of the railway by road vehicles, Department for Transport, published February 2003.

https://www.gov.uk/government/publications/managing-accidental-rail-obstructions-by-road-vehicles-tal-0603

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	300,000
Revenue Contribution (b)	0
Third Party Funding (c)	150,000
Required SCC Resources (a-b-c)	**150,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (Network Rail cost share)	**150,000**

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	150,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	150,000	0	0	0

2018/19 Capital Investment Programme Proposal Form

Highways incorporating Highway Structural Maintenance, Bridges & Structures and Local Transport Improvement Schemes

Cabinet Member(s): Cllr John Woodman – Cabinet Member for Highways and Transport
Division and Local Member(s): All
Lead Officer: Andrew Turner – Strategic Manager Highway Maintenance
Author: Mike O'Dowd-Jones - Strategic Commissioning Manager Highways and Transport
Contact Details: 01823 356238. Modowdjones@somerset.gov.uk

Summary of Proposed Investment:	This paper sets out the details of a bid for capital funding for highway and bridge maintenance and investment in transport improvement schemes for 2018/19. The bid comprises the amount of the DfT funded grant to cover this programme, with an additional pressure element as in 17/18 to reflect an increase in rates for capital works associated with moving to a new Highways Term Maintenance Contract in 2017 and a current cost risk associated with the application of an unusually high inflation rate to the surface dressing treatment type. The bid is costed to enable continued delivery of a programme that keeps the highway in a 'steady state' of repair avoiding unacceptable levels of deterioration, although a considerable 'backlog' of repairs will remain as has been the case for many years. **Highways and Bridges** The highway network (6,681km) is the largest asset the County Council is responsible for. Carriageways and footways, bridges and structures are continually deteriorating under the action of weather conditions and traffic use. Capital investment in structural maintenance such as surface dressing and resurfacing is the most cost effective way of preventing roads deteriorating and avoiding much more costly reactive works to rectify safety defects as potholes or total reconstruction. It is proposed that the capital investment programme comprises both normal programmed work dealing with longer term deterioration issues along with pro-active "invest to save" investment designed to reduce the risk of more sudden and disruptive damage and failure. **Local Transport Improvement Schemes** A programme of transport improvement schemes, in relation to local aspirations, including delivering road safety improvements, encouraging sustainable travel and more strategic transport

	improvements to the county network. This proposal is considered to be the basic requirement for maintaining the highways and structures whilst allowing a continued investment in improvement schemes that are deemed to be important to local communities.
Reasons for Investment:	As Highway Authority we have a duty under the Highways Act 1980 to maintain the highway network. A good quality and safe highway network can make a major contribution to key objectives that will deliver the County's vision to provide excellent services that are accessible, responsive and sustainable and ensure Somerset is a healthy and vibrant place to live, work and visit. Failure to invest would result in an increase in the highway maintenance backlog; ultimately to unsustainable levels, and the bid therefore reflects the basic requirements of good asset management. The allocation of funds for transport improvement schemes is related to the County Plan priority of keeping Somerset as a thriving local economy, attracting jobs and investment by improving key road, rail and broadband communications links. An additional pressure element has been accounted for in relation to increased capital rates under the new highways contract, which reflects current market rates for capital works that are significantly higher than in 2010. In addition the new contract applies inflation indices to individual treatment types rather than to the programme as a whole and there appears to be an anomaly with the inflation rate for surface dressing which is currently being challenged but must be accounted for until such time as the issue is resolved.
Links to Priorities and Impact on Service Plans:	Keeping the highway asset safe and working efficiently directly contributes to the 2016-2020 County Plan Vision for Somerset and helps deliver County Plan target for Infrastructure and workforce and Economic development: • Keeping roads safe We will maintain our highways to allow communities to travel safely and invest in our street lighting to help reduce Somerset's carbon footprint • Helping business succeed A safe and efficient highway network also supports our ability to deliver services to vulnerable people across the county.
Consultations undertaken:	None
Financial Implications:	The financial implications of not taking forward an investment programme are significant, not only to the County Council in the event of road deterioration but also to the local economy as a whole. The total highway network is currently valued in excess of £5.7billion.

	A £1m reduction in capital funding is estimated to generate an additional £19.2m maintenance backlog over 3 years, increased revenue costs of circa £250,000 and more claims against the County Council. The cost of restoring the road condition would be more expensive and require more extensive works costing many times the current cost of maintenance schemes. Maintaining the highway proactively prevents the need for the repair of potholes and the associated impact on revenue resources. Potentially the authority is open to legal challenge in respect of a failure to carry out its statutory duties. In the event of a Personal Injury Accident caused by the highway failure the cost to the authority could potentially be significant. Unanticipated failures of the highway asset are likely to require greater funding to rectify than a planned replacement. SCC has recently awarded a new highways term maintenance contract. The annual cost of the contract to the Council will depend on the volume of each item ordered and can vary significantly year on year according to the profile of the treatments required and availability of government grants. An analysis undertaken prior to contract award concluded that in order to deliver a similar annual maintenance programme in 2017/18 to that delivered in 2015/16 the Council may need to increase its capital maintenance budget by up to £3.30m per annum from 2017 onwards depending on the condition of the highway and availability of other government grants. The basic need and improvements allocation for 17/18 was increased to £23.3m as a result of the new rates. High levels of investment in maintenance over the last few years have kept the network in a condition that is better than the national average. Whilst allocating extra capital funding as set out above should maintain current road condition, there is currently room for flexibility in the investment profile. Any additional capital that SCC invests will slow the deterioration of the asset and could be targeted at the roads which are in most need of attention. Whilst there is no contractual requirement for a particular volume of work to go through the contract there is a financial mechanism that provides a revenue rebate to the Council if the annual capital spend through the contract exceeds a set threshold (£25.7m for 18/19, increasing by 5.27% annually). The annual contract spend includes works in addition to the highways basic need and is currently just over £28m which therefore attracts a rebate.
Legal Implications:	Somerset County Council as the Highway Authority has legal duties under the following main Acts and legislation: • The Highways Act 1980 • Traffic Management Act 2004 • Health and Safety at Work Act 1974

	• Disability Discrimination Act 1995 • Electricity at Work Regulations 1989
HR Implications:	None
Risk Implications:	Should the highway capital investment programme not be taken forward and maintained at current service levels, there are significant risks for the safety of the travelling public, congestion on the highway network and liabilities through claim and challenge. A failure to maintain current levels of structural maintenance will result in structural deterioration of the highway and significantly increase the cost of future long term repairs and reconstruction and leaves the authority open to challenge under section 41 of the Highways act 1980 which is a non-delegable duty. Highway maintenance is highlighted on the Council's Corporate Risk Register JCAD ref ECIH0002. **Likelihood** 3 · **Impact** 4 · **Risk Score** 12 Bridges and structures are highlighted on the Council's Corporate Risk Register, JCAD ref ECIH0005. **Likelihood** 4 · **Impact** 4 · **Risk Score** 16
Other Implications (including due regard implications):	**<u>Equalities Implications</u>** Where possible highway schemes funded through this programme provide improvements for people with protected characteristics notably people with disabilities and their carers. Any changes to the highway layout or improvement schemes must meet current disability access requirements. **<u>Community Safety Implications</u>** Improved and continued reliability and safety for all highway users. Many of the schemes funded through this programme improve community safety, notably the Small Improvement Schemes Safety Programme. **<u>Sustainability Implications</u>** Maintenance costs will be reduced and reliability will be improved maximising value to the customer and maximising environmental contribution. Many of the schemes funded through this programme encourage sustainable travel - notably schemes which improve facilities for walking and cycling **<u>Health and Safety Implications</u>** Risk of injury or catastrophic injury will be reduced for both highway users and maintenance staff of our service providers. **<u>Health and Wellbeing Implications</u>** The programme will maintain and possibly improve pedestrian and cycle facilities which will make these areas more accessible and encourage walking and cycling leading to more physical activity.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. The Department for Transport (DfT) provides a capital grant to cover basic maintenance need and funding for improvement schemes. The grant level is determined partly via a formula, and partly via an 'incentive fund' self-assessment process which results in a banding being applied to each authority. Somerset is currently a 'Band 3' authority which is the highest band and therefore attracts the highest level of incentive funding.

1.2. Over the last three years the formula element of funding has been decreasing whilst the incentive element increases. Our indicative funding allocations for 2018/19 are £18.116m formula and £3.773m incentive, making a total indicative grant of £21.889m towards our maintenance basic need. (It should be noted that the final incentive fund allocation for 2017/18 was slightly higher [by £51k] than the indicative allocation). Our indicative 2018/19 funding allocation for local transport improvements is £2.209m.

1.3. Our total indicative DfT 2018/19 grant for maintenance basic need and improvements, including incentive funding is therefore £24,098m. The proportion of funds allocated to maintenance and improvements is a matter for the local authority to decide taking account of local circumstances.

1.4. The new highways contract applies annual inflation indices to individual work categories using Building Cost Information Services (BCIS) indices. The BCIS index for the surface dressing work category increased by 29.2% between 16/17 and 17/18 which represents an unexpected additional £2m pressure on the maintenance programme. The Council has challenged this index as at is not consistent with inflation on other surfacing types comprising similar bitumen and aggregate components. BCIS confirm that due to a lack of price data on this work category they have used fuel oil price changes as a proxy for this index. The Council considers this to be inappropriate and is currently awaiting the outcome of BCIS' consideration of the matter. Until this is resolved the contract requirements are that the index needs to be applied as published so an additional £2m pressure has been included in this bid to reflect the risk of the matter remaining unresolved.

1.5. **Maintenance Programme:**
The purpose of highway maintenance is to maintain the highway network for the safe and convenient movement of people and goods. The core objectives of highway maintenance are to deliver a safe, serviceable and sustainable network, taking into account the need to contribute to the wider objectives of asset management, integrated transport, corporate policy and continuous improvement.

1.6. Highway Maintenance can be further defined as

Network Safety
- Complying with statutory obligations
- Meeting users' needs for safety

Network Serviceability
- Ensuring availability
- Achieving integrity
- Maintaining reliability
- Enhancing condition

Network Sustainability

- Minimising cost over time
- Maximising value to the customer

Maximising environmental contribution

1.7. Improvements Programme:
This grant for improvement schemes is currently used to deliver the Small Improvement Schemes programme, and is the only mechanism available to fully fund such schemes. The projects range from casualty reduction and accessibility improvements to the provision of cycle ways, footways, pedestrian crossings and traffic calming. 171 schemes have been completed since April 2012 and these have delivered local improvements requested by Councillors and backed by communities.

1.8. Supporting funding is also used, when available to help enable the schemes, whether through local contributions or S106 funding. Without the support of our capital programme it is likely that a proportion of this funding would be lost and could not be used to contribute to such improvements. This funding has also been used to enable match funding of larger additional Government investment programmes such as the Local Sustainable Transport Fund, which provided significant improvements to cycling provision in Bridgwater at a cost of around £4m, with a contribution from this programme of £325,000.

1.9. Scheme and project proposals are assessed for their deliverability and for their general value for money in terms of being able to deliver realistic local transport improvements. The schemes are considered against the general aims of the overarching themes of the council's Local Transport Plan (Future Transport Plan), this enables a comparison to be made of the range of benefits of each scheme (road safety, sustainable travel choices, congestion issues and equality of accessibility)

1.10. Other benefits of the Small Improvement Schemes programme are:

- Access – A considerable number of highway schemes funded through this programme improve access to communities and for individuals.

- Equality and diversity – where possible highway schemes funded through this programme provide improvements for people with protected characteristics notably people with disabilities and their carers. Any changes to the highway layout or improvement schemes must meet current disability access requirements.

- Community safety – many of the schemes funded through this programme improve community safety. Notably the Small Improvement Schemes Safety Programme.

- Health and Wellbeing - many of the schemes funded through this programme contribute to improvements in health and wellbeing - notably schemes which improve facilities for walking and cycling leading to more physical activity.

- Sustainability – many of the schemes funded through this programme encourage sustainable travel - notably schemes which improve facilities for walking and cycling.

2. Options considered and reasons for rejecting them

2.1. There are no other options currently available to fund capital maintenance and highway safety improvements

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Requests

	2018/19 £
Total Cost of Scheme (a)	22,750,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	22,750,000

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	22,750,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

CIP Ref: C18-009

2018/19 Capital Investment Programme
Proposal Form

Highway Lighting

Cabinet Member(s):	Cllr John Woodman – Cabinet Member for Highways & Transport
Division and Local Member(s):	All
Lead Officer:	Andrew Turner – Strategic Manager – Highway Maintenance
Author:	Andrew Turner – Strategic Manager – Highway Maintenance
Contact Details:	01823 35 5310; ASTurner@somerset.gov.uk

Summary of Proposed Investment:	This paper sets out the details of a bid for capital funding to replace life expired street lighting with new LED technology. The purpose of highway lighting is to provide a safe and efficient system of lighting that ensures the continued safety of road users. It assists in meeting Police requirements for the reduction of crime and night time road traffic accidents and also engenders a feeling of comfort and security within the community. There are currently 56,203 lighting units on the highway network across Somerset including lighting columns, wall mounted lighting points and illuminated signs and bollards. Lighting columns have a design life of 25 years for steel columns and 40 years for galvanised columns. Each year some of the existing steel columns reach the end of their design life and require replacement. Replacement columns incorporate the latest technology which reduces energy usage and lowers carbon production. Steel columns past the 25 year design life may fail suddenly; a structural failure may involve the whole column or just a part of the fixture such as the top bracket. Structural failure may result in personal injury, road collision or in extreme cases may be fatal. This bid reflects the basic requirements of the column replacement programme and should be considered as the absolute minimum funding required.
Reasons for Investment:	Columns which are past their design life are a risk should structural failure occur. This may result in personal injury, a road collision or even a fatality. Good quality street lighting can make a major contribution to key objectives that will deliver the County's vision to provide excellent services that are accessible, responsive and sustainable to ensure Somerset is a healthy and vibrant place

	to live, work and visit. Replacement columns incorporate the latest technology which reduces energy usage and lowers carbon production.
Links to Priorities and Impact on Service Plans:	Keeping the highway safe and working efficiently, directly contributes to the 2016-2020 County Plan Vision for Somerset and helps deliver County Plan target for Infrastructure and workforce and Economic development: **Keeping roads safe** We will maintain our highways to allow communities to travel safely and invest in our street lighting to help reduce Somerset's carbon footprint **Helping business succeed** A safe and efficient highway lighting asset also indirectly supports our ability
Consultations undertaken:	None
Financial Implications:	The total highway lighting stock is currently valued in excess of £38.6m The financial implications of not taking forward an investment programme are significant, not only to the County Council in the event of a site failure but to the local economy as a whole. Unanticipated failures of the highway lighting stock are likely to require greater funding to rectify than a planned replacement. The authority is open to legal challenge in respect of a failure to carry out its statutory duties. In the event of a Personal Injury Accident caused by the structural failure of a lighting asset the cost to the authority could be potentially significant. This scheme will be funded from the DfT grants as referred to within the Highways Structural Maintenance proposal document.
Legal Implications:	Somerset County Council as the Highway Authority has legal duties under the following main acts and legislation: • The Highways Act 1980 • Traffic Management Act 2004 • Health and Safety at Work Act 1974 • Disability Discrimination Act 1995 • Electricity at Work Regulations 1989
HR Implications:	None
Risk Implications:	The street lighting column replacement programme is reliant on capital funding. If funding is not made available there is a significant likelihood of complete failure of some columns past their design life. The unanticipated failure of a street lighting column is likely to require greater funding to rectify than a planned replacement as well as potentially leaving the authority open to legal challenge in respect of a failure to carry out its statutory duties. In the event of a Personal Injury Accident caused by the

<table>
<tr><td rowspan="2"></td><td colspan="6">failure of a street lighting column the cost to the authority could potentially be significant. Should the highway lighting column replacement programme not be taken forward, there are significant risks for both safety of the travelling public, congestion on the highway network and liabilities through claim and challenge.

Column replacement is highlighted on the SCC Corporate Risk Register, JCAD ref ECIH0004</td></tr>
<tr><td>Likelihood</td><td>4</td><td>Impact</td><td>3</td><td>Risk Score</td><td>12</td></tr>
<tr><td>Other Implications (including due regard implications):</td><td colspan="6"><u>Equalities Implications</u>
Access: Improved quality and flexibility of highway lighting would assist in improving access to services for our communities.

Equality and diversity: Impact on people with protected characteristics has been considered and there are positive impacts as LED white light has a greater frequency range and colours are better defined which will aid those with a visual impairment.

Human rights: Impacts on human rights have been considered and none have been identified.

<u>Community Safety Implications</u>
Impact on community safety has been considered and there are positive impacts as the new LED white light have a greater frequency range and colours are better defined which will aid those with a visual impairment. Replacing life expired street lighting columns will improve safety for all users.

<u>Sustainability Implications</u>
Maintenance and energy costs will be reduced and reliability will be improved.

<u>Health and Safety Implications</u>
Risk of death/injury will be reduced for both highway users and maintenance staff of our service provider.

<u>Health and Wellbeing Implications</u>
The column replacement programme will maintain pedestrian and cycle facilities which will make these areas more accessible and encourage walking and cycling</td></tr>
<tr><td>Scrutiny comments / recommendation (if any):</td><td colspan="6">Not applicable.</td></tr>
</table>

1. **Background –** all relevant information is covered within the information above

2. **Options considered and reasons for rejecting them**

2.1. There is an option to structurally test the columns which have passed their design life and are at risk. This will incur costs and based on findings from previous replacement programmes, we believe better value for money will be achieved by replacing the asset.

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Requests

	2018/19 £
Total Cost of Scheme (a)	250,000
Revenue Contribution (b)	
Third Party Funding (c)	
Required SCC Resources (a-b-c)	**250,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	250,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Revenue Implications

	2018/19 £
On Going Savings	-3,000
One off Savings	0
On Going Pressure	0
One off Pressure	0

Please enter all savings as a negative.

2018/19 Capital Investment Programme Proposal Form

Somerset Outdoor & Residential Learning Service Improvement Programme

Cabinet Member(s):	Cllr Frances Nicholson – Cabinet Member for Children and Families
Division and Local Member(s):	All
Lead Officer:	Vicky Thomas, Strategic Manager for Educational Improvement and CDT
Author:	Jo O'Callaghan, Service Manager – Somerset Outdoor and Residential Learning Service
Contact Details:	01823348265; vathomas@somerset.gov.uk 01278741270; jocallaghan@somerset.gov.uk

Summary of Proposed Investment:	**Planned Improvement Programme (5 Years)** Somerset Outdoor and Residential Learning Service (SORLS) comprises of several SCC owned properties and assets split over two main sites from which it delivers a service as part of Support Services for Education (SSE). SSE is a fully traded service within SCC. SCC needs to ensure these properties and assets are kept in a safe operational condition, maintain their integrity and be able to deliver services in the most cost effective, sustainable manner whilst meeting high expectations of clients and achieving growth targets in line with SSE overall 5 year financial plan. This proposal is therefore for the creation of a 5 year Capital Investment Programme to include: • Urgent roof repairs • Upgrade of windows at Charterhouse • External dressing of stonework/decoration • Replacement of fleet vehicles • Demolition and replacement of 'Cat D' building • Demolition and replacement of Elliot Building • Infra-structure improvements to utilities • Replacement of Outdoor Centre Cabins
Reasons for Investment:	The main reasons for the investments outlined above are: • To ensure statutory compliance with Health and Safety regulations • To ensure SCC remains compliant with regard to ensuring the safety of children and young people who use their premises in line with Keeping Children Safe in Education • To achieve and retain the weather integrity of the properties and prevent escalation of faults • Avoid potential claims or action taken against the

	County Council should a customer or employee injury themselves • To replace life expired temporary structures with more versatile, efficient buildings more suited to our current needs and business plan objectives • To provide safer and more versatile accommodation • To prevent losing business to competitors • Increased ability to attract new business • To improve the ability of the Property Group to manage and maintain the estate for which it is responsible • This work is in line with the council's Energy Strategy regarding reducing energy costs and improving energy efficiency • To reduce the cost of maintenance and repairs by investing in the long term future of the assets • To generate additional income by proving improved facilities including transportation to re-invest in the service
Links to Priorities and Impact on Service Plans:	This proposal has been aligned with the SORLS 5 year business plan and incorporates growth and efficiency targets in line with SSE 5 year financial plan: • To ensure the safety of all children and young people who use SCC facilities • To provide a 1st class platform for enhanced learning opportunities for children and young people by helping them to unlock potential, raise achievement levels and become responsible members of society • To generate enough business to break even and contribute to SSE and SCC overheads • To generate a financial surplus to be used for a programme of continual investment in the business. • To provide a high level of customer service. This investment strategy supports the County and Business Plan: • To deliver improved integrated customer service. • Living within our means - by ensuring that properties are suitably maintained and by undertaking a programme of planned maintenance works and reducing the amount of costly day to day maintenance and repairs. • Council's Energy Policy and energy initiatives – Savings will be unlocked by reducing demand and improving energy efficiency with the renewal of heating and electric services.
Consultations undertaken:	Although no formal consultations have taken place, feedback forms are given to every group in residence. The quality and condition of the buildings are our lowest scoring category with customers quoting that windows are still broken twelve months on, the fabric of the centres is looking tired and the fact that some rooms leak when it rains.

Financial Implications:	**<u>Planned Improvement Programme</u>** In 2014 when SORLS moved across from being a trading unit in its own right to become part of SSE it transferred £454k from its reserves into SSE reserves. The reserves were built up to undertake a number of key projects identified as part of a corporate condition survey and upgrading other assets. At the end of 2016/17 these reserves were transferred from SSE to fund a number of key SCC education priorities and SSE has limited funding to support this level of capital work required to maintain the centres. The Repairs and Maintenance revenue budget for 2017/18 is £40K. This is almost entirely used on reactive repairs and servicing costs with no scope to undertake major planned maintenance works. Over the past two years, SSE has invested an additional £100k from trading surpluses and reserves to revamp the new house accommodation plus replace all of the windows on the same block. Investment in other assets totals a value of £370k over the five year period. Updating our fleet of vehicles and improving our activity provision will enable us to provide an expanded, more diverse range of activities that help enable the County Plan of providing better learning opportunities for children whilst improving their health and wellbeing. It will also enhance our ability to market ourselves and attract new business to ensure sustainably growth of the business. The embedded resource management plan (RMP) below gives a detailed breakdown of all current assets, including activities and vehicles at both sites and there anticipated due date for replacement.
Legal Implications:	Any procurement will take place in consultation with the Corporate Procurement Team so that correct protocol is followed. The surveyor visit on 21 July 2017 highlighted that the state of disrepair in parts of Kilve including windows frames in accommodation used by children has the potential for injury. SCC has a legal duty to ensure its facilities comply with health and safety requirements.
HR Implications:	Well maintained buildings ensure the health and wellbeing of staff based in the property. Poorly maintained working premises create a barrier to increased productivity. Lack of investment could lead to potential redundancies due to a loss of business.
Risk Implications:	There are Health and Safety risks if improvements are not carried out and the integrity of the properties not re-established. The ongoing maintenance costs will continue to rise and work will continue to be reactive, providing only a temporary fix and time limited. The capital cost required in the future would be

	considerably higher if investment were not made now. Failure to invest will result in lost business and abandonment by loyal customers as they will go to competitors with better maintained assets. Improvement of facilities and resources will minimise the chance of losing business to competitors.
	Likelihood 4 | **Impact** 4 | **Risk Score** 16
Other Implications (including due regard implications):	**Sustainability Implications** Planned Improvement Programme Effective maintenance contributes to the realisation of an energy efficient property estate by ensuring the efficient operation of systems and equipment and by minimising heat loss through the building fabric. Effective maintenance prolongs the useful life of plant and also protects/enhances the value of a building and its equipment. Health and Safety Implications By undertaking planned replacement works, risks to health and safety of employees and members of the public will be reduced. Compliance with certain legislation such as that related to fire safety is mandatory and works have to be undertaken and will have to be funded.
Scrutiny comments / recommendation (if any):	Not applicable

1. Background

1.1. History of the Service

Kilve Court was purchased by Somerset County Council in 1961 and officially opened as an outdoor residential education centre in 1964. Numerous modifications and adaptions to the site have been made to maximize its capacity and increase the variety of courses available predominantly to meet the needs of Somerset children and young people. Over the decades the requirement to be a self-funded traded service has seen the business attract more and more out of county customers. The service expanded its provision by renting Great Wood, an agreement that has continued for over 30 years and in 2008 Charterhouse moved from the environment directorate into the Kilve Court set up, collectively the service becoming Somerset Outdoor and Residential Learning Service.

Assets owned by SCC comprise of Kilve Court, a Grade II listed Georgian property with accommodation for 110 with an additional 76 bed Outdoor Centre incorporated in the grounds and The Charterhouse Centre, which can accommodate 63. In 2003 SCC invested heavily in the Charterhouse site by building a new accommodation wing using sustainable materials.

The Centres promote learning and development opportunities for children and young people across Somerset and beyond through a range of outdoor adventurous activities and specific “enrichment” courses at its four residential centres – Kilve Court, The Outdoor Centre, Charterhouse and Great Wood.

SORLS operated for a number of years as a traded unit until 2014 when it moved across to be part of SSE. SSE comprises as a range of services with a vision to improve outcomes for children and young people.

The centres have 12,000 visitors per annum and 30,000 bed nights. The budget for 2017/18 is £1.7m and with 90% of our customers returning to the centres on an annual basis it is imperative that they see first-hand that the buildings, vehicles and activity provision are being invested in. SORLS was successful at being awarded a contract for over £500k with the National Challenge.

The service is constantly exploring options to generate more income and January 2017 saw the launch of Charterhouse being available for self-hire groups. This has generated in excess of 20 enquiries already and six of these have been converted into confirmed bookings. This could be an excellent income stream and replicated at other centres if the appropriate investment is made.

1.2. Planned and Reactive Maintenance

SCC investment in the property over the past 5 years has predominantly been reactive, focusing on repair rather than upkeep, an approach with an overall result that sees a steady decline in the overall condition of the. An investment now will enable the centre to get back to on track and in conjunction with Property Services re-establish a planned maintenance programme to take into the future.

Currently only minimal planned maintenance projects are carried out by the service as the repairs and maintenance budget does not afford to meet anything beyond reactive repairs and servicing costs. The service has in the past been able to provide some investment into the centres from operational surplus, for example a programme of window replacements to a section of accommodation has provided a low maintenance solution with benefits of thermal efficiency and with a successful capital investment programme the service would be in a position to continue such internal investments enabling best value to be gained both financially and in customer satisfaction.

1.3. Temporary Buildings

Both Kilve Court and Charterhouse have benefitted by the use of temporary structures to provide additional work and teaching spaces, however these have long since passed their life expectancy and indeed one at Kilve Court has been classed during an engineer inspection as Category D, meaning it has been deemed no longer fit for purpose and it's structural integrity is unknown. As such no resources have been directed on the building for repair work which has in turn caused further deterioration.

These spaces are key areas with which the service is able to deliver its courses and it is becoming a matter of urgency to replace them, using the opportunity to provide more versatile spaces with modern facilities from which to operate and deliver high quality services. The structures would benefit from being designed for purpose rather than being a 'standard structure'.

Investing in new buildings at both sites would create potential for new business opportunities. At present the centres struggle with corporate and community booking enquiries due to suitable available space and safeguarding implications.

1.4. Vehicles

In order to deliver the service the centres rely on a fleet of 7 minibuses operating under Section 19 Permits, a 4x4 and 3 trailers. This fleet is now ageing and mostly overdue for replacement. The cost of maintaining such a fleet, which under Section 19 requirements means each minibus has to meet a programme of 13 week inspections/servicing/MOT's, is spiralling with workshop costs now 'Pay as you Go' under the Transporting Somerset contract agreement with Skanska due to the vehicles being over 10 years old. Several of the vehicles have required major work in order to pass MOT with the prediction of the mechanic that more work will be required in order to pass the next.

Investment into the vehicle fleet would enable ongoing maintenance costs to be reduced and offer the potential to start a rolling programme of vehicle replacement so as to limit the depreciation loss, creating a better offset when disposing of vehicles against the cost of the replacement therefore requiring a sustainable annual outlay.

1.5. Resources Management Plan

The Service RMP, embedded in the finance section above, is a tool used by the SORLS Senior Management team to predict annual expenditure based upon the life expectancy of its resources and is linked to the 5 year business plan objectives. Where immediate, high importance customer service related investment has been required the Centres have been able to react and accommodate improvements from within revenue budgets, however the ability to invest in areas where responsibility sits with SCC Property Services has not been within our current capabilities. The service has contributed greatly to SSE reserves with the intension that funding can be drawn down to assist the financing of large expenditure items.

2. Options considered and reasons for rejecting them

2.1. By not adequately maintaining premises, the County Council will fail to meet its obligations under Health and Safety legislation. It also risks reputational damage should services not be able to operate.

2.2. Property maintenance is currently addressed by predominantly undertaking reactive repairs to urgent building issues. This is not a sustainable approach as it fails to effectively utilise our limited available resources. Without a programme of sustained investment, there is also a risk of breaching SCC's legislative duties e.g. Health & Safety, Commercial.

For these reasons, the alternative option of retaining the current reactive approach was.

2.3. Continuing to run the current vehicle fleet in the same manner will result in increasing costs for a deteriorating fleet of declining value.

In recent years options have been explored to lease rather than own vehicles. Entering into a leasing agreement would be a greater expense overall due to amount of time that they would be needed and the additional inspections required for operating under section 19 permits. Operating outside section 19 permits would require drivers to be trained and qualified PCV drivers which makes this option costly and prohibitive.

For these reasons the alternate options for operating a leased vehicle fleet were rejected.

2.4. Retention of Temporary Buildings would require considerable expense, in excess of £100k to re-establish the integrity and safety of life expired structures. Such expense does not allow for any alterations to the layout or capabilities of the structures therefore the finances would only serve to keep us where we are now. It would prove more cost effective to invest in structures that will benefit from improved facilities and provide more versatility therefore opening up potential to appeal to a wider customer base.

For these reasons carrying out maintenance and repair works to the existing temporary buildings in order to retain them was rejected.

2.5. Not investing in activity provision would seriously diminish the ability to increase bed nights, a major objective of the business plan, as the capacity of the business is governed by its capability to accommodate groups not only in terms of bed spaces but also in the programme of activities during their stay. Current outsourcing of activity provision is costly and although there would remain a need to outsource for activities that are not financially viable to implement ourselves, there are improvements to existing activities along with new ones that could minimise the need for outsourcing and provide greater efficiency along with other benefits such as staff CPD.

For these reasons not investing in activity provision has been rejected

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	1,720,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**1,720,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	288,750	302 ,625	271,625	857,000

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme Proposal Form

Fleet (Gritter) Replacement Programme

Cabinet Member(s):	Cllr John Woodman – Cabinet Member for Highways & Transport Cllr David Hall – Cabinet Member for Resources
Division and Local Member(s):	All
Lead Officer:	John Perrett, Service Manager – Transporting Somerset
Author:	John Perrett, Service Manager – Transporting Somerset
Contact Details:	01823 356968 – jpperrett@somerset.gov.uk

Summary of Proposed Investment:	The council run a fleet of 23 Gritters used to maintain access to the strategic highway network in Somerset during winter weather. The proposal reflects the need to replace ageing vehicles to ensure reliability and reduce maintenance costs.
Reasons for Investment:	Older vehicles become more difficult and costly to maintain in a roadworthy and reliable condition. Calculations are undertaken every year to compare the whole life cost of replacement with the whole life cost of maintaining aged vehicles. This proposal recommends the replacement of 3 gritters in 2018/19. There are no further replacements due as we are moving to a 9 year replacement programme until 2022/23.
Links to Priorities and Impact on Service Plans:	Keeping the highway asset safe and working efficiently during winter weather supports the 2016-2020 County Plan Vision for Somerset and helps deliver County Plan target for Infrastructure and workforce and Economic development: • Keeping roads safe We will maintain our highways to allow communities to travel safely and invest in our street lighting to help reduce Somerset's carbon footprint. • Helping business succeed Ensuring we have a cost efficient and effective gritter fleet available during winter weather helps ensure that all services provided by SCC, emergency services and other public sector organisations (particularly those providing vital support to vulnerable people) can continue to deliver services. It also maintains access to the highway network for the public, and businesses.
Consultations undertaken:	External consultation is not necessary – this proposal will not change the service that is provided. Internally, the Highways service has been consulted and the proposal has been shaped around the needs identified by the service.

	The gritter fleet replacement requirement will be continuously reviewed to reflect any changes in service delivery arising from re-procurement exercises. In the event that current requirements change, this will be identified through ongoing consultation with the procurement team and the service.
Financial Implications:	The financial implications are set out in the report and supporting tables. Revenue implications are contained within existing service revenue budgets.
Legal Implications:	None
HR Implications:	None.
Risk Implications:	There are no risks associated with supporting the recommendation. If the recommendation is unsupported, maintenance and service delivery costs would escalate, giving rise to operational and budgetary risks. The highways winter service could be impacted, creating an enhanced business continuity risk. **Likelihood** 2	**Impact** 4	**Risk Score** 8
Other Implications (including due regard implications):	There are no negative impacts associated with supporting the recommendation. Supporting the recommendation is likely to have a positive impact on sustainability, as new vehicles will be more fuel efficient with lower CO_2 emissions. If the recommendation is unsupported, the highways winter service could be affected, which could have an impact on access to services in the winter months.
Scrutiny comments / recommendation (if any):	

1. Background

1.1. The Gritter Replacement Programme was deferred for one year in 2016/17 bids.

1.2. All other relevant information is covered on previous pages

2. Options considered and reasons for rejecting them

2.1. None currently, though the service is focusing on reviewing and monitoring the forecast to ensure that there are no imminent changes to responsibility for vehicle replacement e.g. where responsibility is transferring to another legal entity, or where the service may shrink or de-commission activity in the future.

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Requests

	2018/19 £
Total Cost of Scheme (a)	£333,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**£333,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	£333,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme
Proposal Form

Fleet Vehicle Replacement Programme

Cabinet Member(s):	Cllr John Woodman – Cabinet Member for Highways & Transport Cllr David Hall – Cabinet Member for Resources
Division and Local Member(s):	All
Lead Officer:	John Perrett, Service Manager, Transporting Somerset
Author:	John Perrett, Service Manager, Transporting Somerset
Contact Details:	01823 356968 – jpperrett@somerset.gov.uk

Summary of Proposed Investment:	SCC runs a fleet of around 400 vehicles used to provide services across the council. The proposal reflects the need to replace ageing high mileage vehicles to ensure reliability and reduce maintenance costs. The service operates a 7 year target to replace minibuses and high use cars and vans, which if not achieved incurs considerable additional maintenance costs (7th year maintenance costs are significantly greater than the maintenance costs of a new vehicle).
Reasons for Investment:	The Council has statutory duties to maintain all of its vehicles so that they are roadworthy and fit for purpose. Older vehicles become more difficult and costly to maintain in a roadworthy and reliable condition. Calculations are undertaken every year to compare the whole life cost of replacement with the whole life cost of maintaining aged vehicles, and the recommendation has been developed to meet the basic need.
Links to Priorities and Impact on Service Plans:	Maintaining a vehicle fleet that is cost efficient and fit for purpose supports the 2016-2020 County Plan target for a sustainable council: • Living within our means (by ensuring the maintenance costs for the fleet are kept to a minimum) It also supports the council's need to reduce its carbon footprint by introducing more fuel efficient vehicles.
Consultations undertaken:	Internally, services have been consulted and the proposal has been shaped around the needs identified by services, as well as through professional input from the Fleet Team, using information from the County Council's vehicle database. External consultation is not necessary – this proposal will not change the service that is provided. The vehicle fleet replacement requirement will be continuously reviewed to reflect any changes in service

<table>
<tr><td></td><td colspan="6">delivery In the event that current requirements change, this will be identified through on-going consultation with the procurement team and services.</td></tr>
<tr><td>Financial Implications:</td><td colspan="6">The financial implications are set out in the report and supporting tables. Revenue implications are contained within existing service revenue budgets.</td></tr>
<tr><td>Legal Implications:</td><td colspan="6">None</td></tr>
<tr><td>HR Implications:</td><td colspan="6">None</td></tr>
<tr><td rowspan="2">Risk Implications:</td><td colspan="6">There are no risks associated with supporting the recommendation.

If the recommendation is unsupported, maintenance and service delivery costs would escalate, giving rise to operational and budgetary risks.</td></tr>
<tr><td>Likelihood</td><td>2</td><td>Impact</td><td>4</td><td>Risk Score</td><td>8</td></tr>
<tr><td>Other Implications (including due regard implications):</td><td colspan="6">There are no negative impacts associated with supporting the recommendation. Supporting the recommendation is likely to have a positive impact on sustainability, as new vehicles will be more fuel efficient with lower CO_2 emissions

If the recommendation is unsupported, service delivery in a number of areas could be affected, which could have an impact on users of social care, libraries, schools, highways maintenance and a number of other services.</td></tr>
<tr><td>Scrutiny comments / recommendation (if any):</td><td colspan="6"></td></tr>
</table>

1. Background

1.1. All relevant information is covered on previous pages

2. Options considered and reasons for rejecting them

2.1. None currently, though the service is focusing on reviewing and monitoring the forecast to ensure that there are no imminent changes to responsibility for vehicle replacement e.g. where responsibility is transferring to another legal entity, or where the service may shrink or de-commission activity in the future.

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Requests

	2018/19 £
Total Cost of Scheme (a)	980,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**980,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	980,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2019/19 Capital Investment Programme
Proposal Form

Traffic Signals Recovery Programme

Cabinet Member(s):	Cllr John Woodman, Cabinet Member for Highways & Transport
Division and Local Member(s):	All
Lead Officer:	Alyn Jones, Interim Director – ECI Operations
Author:	Bev Norman, Service Manager - Traffic Management
Contact Details:	01823 358089 – BJNorman@somerset.gov.uk

Summary of Proposed Investment:

There are currently 276 Traffic Signals sites across Somerset.

The table (below) represents the number of traffic signal installations that have exceeded their design life of 15 years, based on the age of the controller. The figures do not take into account those sites where only the controller has been replaced, but the remaining infra-structure exceeds 15 years of age. The data is based upon the current position and does not forecast any future pro-active maintenance, as funding levels cannot be predicted.

	No. Stand Alone Pelican / Puffin / Toucan Xings	No. Junctions and shuttles	Total
Over 15 years old on 31 March 2017	24	38	62
Over 15 years old on 31 March 2018	39	48	87
Over 15 years old on 31 March 2019	50	52	102
Over 15 years old on 31 March 2020	61	59	120

As detailed in the table 62 sites have been identified as being in a critical condition with obsolete equipment which is unmaintainable in the event of failure. We have estimated that the cost of upgrading the sites over 15 years old on 31st March 2017 alone would be in the region of £10.5m.

The failure of any of these sites, particularly at some of the key junctions in the County would require a junction upgrade that would take 6-12 months from design to completion. Whilst this takes place the only way the junction/pedestrian crossing could operate would be by temporary signals. There would be a significant cost for the equipment and the site would have no ability to react to user demands.

Not only would those particular signals be affected but in those key towns the site is likely to be part of a linked urban

	traffic control region and the whole network could be compromised causing significant traffic congestion and safety issues. It is critical that we continue to refurbish these traffic signal sites. This bid reflects the basic requirements of the traffic signal replacement programme and should be considered as the absolute minimum funding requirement in order to start upgrading selected infrastructure in critical need of replacement. This bid is for one-year only, however increased on-going annual investment is essential.
Reasons for Investment:	The effective operation of the highway network is critical to economic prosperity and social inclusion. The operation and provision of facilities and services are based on the ability to move easily and safely around the highway network, whether this is for the provision of food or the effective operation of businesses, schools and hospitals. Networks are becoming increasingly congested, and the need for maintenance of the network and the provision of information to road users is greater than ever before. Traffic congestion affects all road users, causing increased journey times and a consequential cost to the economy. The impact on the environment from congestion is also significant, contributing to increased carbon dioxide emissions and climate change. With the need to manage increasing traffic volumes and keep traffic moving, the use of electronic traffic equipment has an important role to play in the effective management of the network. Traffic signals are generally located at strategically important or vulnerable locations and their continued effective and efficient operation should be safeguarded for those reasons. In assessing whether a traffic signal site requires upgrading, a re-evaluation of the design and operation of the facility is undertaken and consideration given to; • improvements and/or incorporation of new pedestrian and cycle facilities • improvements to the efficiency of the junction which also contributes to air quality improvements • introduction of low energy equipment which reduces the carbon footprint.
Links to Priorities and Impact on Service Plans:	Keeping the highway network moving safely and efficiently directly contributes to the 2016-2020 County Plan Vision for Somerset and helps deliver County Plan target for Infrastructure and workforce and Economic development: • Keeping roads safe We will maintain our highways to allow communities to travel safely and invest in our street lighting to help

	reduce Somerset's carbon footprint • Helping business succeed A safe and efficient highway network also indirectly supports our ability to provide services across the county.
Consultations undertaken:	None for the overall programme but local consultations will take place when we start looking at the individual refurbishment schemes.
Financial Implications:	The financial implications of not taking forward an investment programme are significant, not only to the County Council in the event of a site failure but to the local economy as a whole. The total traffic signal stock of 276 sites is currently valued in excess of £35m. The current annual revenue budget available to carry out maintenance of these assets is less than £300,000. 62 of these sites have now been identified as being in a critical condition and an upgrade of these sites alone would cost in the region of £10.5m. However without this capital investment, by 2020, 120 sites would be past their 15 year design life and could cost in the region of £20M The unanticipated failure of an installation is likely to require greater funding to rectify than a planned refurbishment as well as potentially leaving the authority open to legal challenge in respect of a failure to carry out its statutory duties. In the event of a Personal Injury Accident caused by the failure of an installation, the cost to the authority could potentially be significant. This scheme will be funded from the DfT grants as referred to within the Highways Structural Maintenance proposal document.
Legal Implications:	Somerset County Council as the Highway Authority has a legal duty under the Highways Act, Traffic Management Act and Electricity at Work Regulations 1989 to maintain the Traffic signals to the nationally recognised minimum standards.
HR Implications:	None
Risk Implications:	The Traffic Signals Recovery programme is reliant on capital funding. If funding is not made available there is a significant likelihood of complete failure of installations past their design life. The unanticipated failure of an installation is likely to require greater funding to rectify than a planned refurbishment as well as potentially leaving the authority open to legal challenge in respect of a failure to carry out its statutory duties. In the event of a Personal Injury Collision caused by the failure of an installation the cost to the authority could potentially be significant. When the priority list was developed, desk top risk assessments we undertaken on all installations to determine if

	a site were to fail, the likelihood of occurrence of an accident plus the potential injury severity. This was based on parameters such as traffic and pedestrian flow, traffic speeds and complication of traffic manoeuvres. Apart from the approval of the funding to upgrade these sites there are no other possible mitigation measures we can take forward. In order to prioritise upgrading of traffic signal and pedestrian crossing installations the critical risk rating was taken as the primary factor with the risk assessment the secondary.
	Likelihood 3 **Impact** 4 **Risk Score** 12
Other Implications (including due regard implications):	**<u>Equalities Implications</u>** Upgrading works will improve safety for all users. New installations will comply with current standards, be more reliable and more cost effective to maintain. Upgraded sites will also reduce existing energy costs due to energy efficient LED equipment being installed. Failure of signal installations is detrimental to all road users including pedestrians and cyclists specifically in terms of highway safety. Failure of signal junctions is also likely to have a significant impact on traffic congestion. **<u>Community Safety Implications</u>** Improved reliability and improved visibility of the installations will improve road safety. Installations to Extra Low Voltage means reduced risk of electric shock to users. **<u>Sustainability Implications</u>** Maintenance and energy costs associated at these installations will be reduced and reliability will be improved. **<u>Health and Safety Implications</u>** Risk of death/injury would be reduced for all involved – road users plus maintenance staff – due to lower frequency and shorter maintenance visits as well as reduced down – time for failed signals as spare parts would be more readily available. Installations converted to Extra Low Voltage mean reduced risk of electric shock to users. **<u>Health and Wellbeing Implications</u>** The signal upgrades are likely to improve pedestrian and cycle facilities which will make these areas more accessible and encourage walking and cycling.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. There are currently 276 Traffic Signal sites (both signal controlled junctions and controlled pedestrian crossings) across Somerset and the number we have to manage and maintain is increasing year on year with the new sites that continue to be added, either through the adoption of developer schemes or our own improvement schemes.

1.2. Although it has previously been reported that we have seen significant under investment in these assets over the years the information has never, until now, been quantified.

1.3. Over the last few months we have undertaken a desk top review and have identified 62 of these sites as being in a critical condition, well beyond their design life expectancy and being operated with obsolete equipment which is un-maintainable in the event of failure. Once past this point the likelihood of failure and potential severity of failure significantly increases which could have serious implications in terms of both safety and congestion on the highway network.

1.4. A Traffic Signals Recovery Programme Priority & Risk Matrix has been developed with an initially estimated cost per site to upgrade the equipment to an acceptable standard. The total estimated current cost to upgrade these 62 sites alone is in the region of £10.5m.

1.5. The prioritised list is based on critical risk. Derived factors to enable the rating system include items such as:

- Age and state of controller (obsolete or soon to be)
- Condition of street equipment; signal poles, heads, push button units, ducting
- Site importance – congested junction, road speeds, pedestrian/cycle demand, strategic route.
- Local knowledge – known fault issues.

1.6. A Traffic Signal upgrade involves a complete re-evaluation of the design and operation of the facility. Consideration is given to improvements and/or incorporation of new pedestrian and cycle facilities, improvements to the efficiency of the junction and introduction of low energy equipment.

1.7. It should be noted however that the investment contained within this proposal is only just about sufficient to maintain the stock at its current levels. In addition there have been 21 additional traffic signal sites in the last 3 years and there is likely to be another 10 sites being commissioned in the next 12 months.

1.8. The failure of equipment might endanger the travelling public and place the authority at risk of litigation if the problem is not dealt with effectively.

1.9. This bid reflects the basic requirements of the traffic signal replacement programme and should be considered as the absolute minimum funding requirement in order to start upgrading selected infrastructure in critical need of replacement. This bid is for one-year only, however increased on-going annual investment of £4M is essential in following years to maintain the steady state.

1.10. We will be doing further work to identify what level of investment might be required going forward to prevent further overall deterioration of our traffic signal assets

2. Options considered and reasons for rejecting them

2.1. We have considered in the event of a critical failure whether we could leave the signals bagged over and turned off. As detailed above this could have significant safety and congestion implications and there would still be a cost element in maintaining traffic management to minimise the safety risk.

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	1,000,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**1,000,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions. The table above shows 5 individual bids i.e. 5 annual programmes.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP/Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	1,000,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Revenue Implications

	2018/19 £
On Going Savings	
One off Savings	
On Going Pressure	128,000
One off Pressure	

Please enter all savings as a negative.

CIP Ref: C18-014

2018/19 Capital Investment Programme
Proposal Form

Dillington House Improvement Programme

Cabinet Member(s):	Cllr Anna Groskop – Cabinet Member for Corporate and Community Services
Division and Local Member(s):	All
Lead Officer:	Vicky Thomas, Strategic Manager for Educational Improvement and CDT
Author:	Julie Breeze, Service Manager – Dillington House
Contact Details:	01823 348265; vathomas@somerset.gov.uk 01460 258609; jbreeze@somerset.gov.uk

Summary of Proposed Investment:	Although Dillington House is leased from Dillington Estates, SCC, as tenant, is responsible for the fabric and structural condition of Dillington House. This is a requirement of the lease. SCC is also responsible for ensuring the site is kept operational and in a safe working condition in order to meet Health and Safety requirements and to continue operating as a Traded Service. This proposal is therefore for the creation of a 5 year Property Capital Investment Programme to include: • Roof repairs • Repairs to stone walls • Repairs/decoration to stone windows and doors • Repairs to conservatory • Renew and upgrade of heating and electric services • External decoration • Repair drainage **Information, Communications and Technology (ICT) Improvement Programme (One-off investment)** Dillington House offers a premier events service to a wide range of customers. The service has been unable to invest in technology over the past 5 years due to budget constraints and there is an urgent need to modernise the technology in order to keep up with both customer demand and our competitors to enable the service to generate additional income and to maintain current customer base.
Reasons for Investment:	The main reasons for the investments outlined above are: • To ensure Statutory compliance with Health and Safety regulations. • To ensure Landlord obligations are met, thereby avoiding potential claims or action on the part of the tenant which would likely increase the cost. • To improve the ability of the Property Group to manage and maintain the estate for which it is responsible. • To create savings in utility and operational costs. • To reduce the cost of maintenance and repairs.

<table>
<tr><td></td><td>

Increase customer base by providing improved facilities including better technology to deliver conferences and adult education courses.
Generate additional income to re-invest in the service.

</td></tr>
<tr><td>Links to Priorities and Impact on Service Plans:</td><td>
This proposal has been aligned with the Dillington 5 year business plan.
This proposal will also support the medium term financial plan by increasing income and reducing costs over the next 5 years.
This investment strategy supports the County and Business Plan:

To deliver improved integrated customer service.
Living within our means - by ensuring that properties are suitably maintained and by undertaking a programme of planned maintenance works and reducing the amount of costly day to day maintenance and repairs.
Council’s Energy Policy and energy initiatives – Savings will be unlocked by reducing demand and improving energy efficiency with the renewal of heating and electric services.

</td></tr>
<tr><td>Consultations undertaken:</td><td>Not applicable</td></tr>
<tr><td>Financial Implications:</td><td>
<u>Planned Improvement Programme</u>
The Repairs and Maintenance revenue budget for 2017/18 is £84K. This is almost entirely based on reactive repairs and servicing costs with no scope to undertake major planned maintenance works.
The current identified list of high priority projects for the next five years totals a value of £563,250 which forms the basis of this request. This work has been identified and verified by Corporate Property through the conditions survey.
<u>ICT Improvement Programme</u>
There is no separate revenue budget for ICT. The total investment for the ICT improvement programme is :
<table>
<tr><td>Electronic TV display noticeboard for reception including software</td><td>£2,000</td></tr>
<tr><td>9000 lumens HDMI data projector for Theatre</td><td>£4,000</td></tr>
<tr><td>Studio 1 Hyde – 84” Interactive flat screen</td><td>£5,600</td></tr>
<tr><td>Studio 2 - 7500 lumens HDMI data projector</td><td>£4,000</td></tr>
<tr><td>55” interactive flat screen for Trent, Black down and Neroche meeting rooms (£2,000 each)</td><td>£6,000</td></tr>
<tr><td>Mobile Video conferencing kit</td><td>£500</td></tr>
<tr><td>Plus 10% contingency in case of price increase</td><td>£2,210</td></tr>
<tr><td>Total</td><td>£24,310</td></tr>
</table>
Lack of investment could result in the service losing business and increasing the current deficit or the service inability to repay the current loan (£171k per annum) from SCC with
</td></tr>
</table>

	regard to the Hyde Building.
Legal Implications:	Any procurement will take place in consultation with the Corporate Procurement Team in order to ensure the correct protocol is followed. Failure to invest in Dillington House may result in legal action against the Council as tenant. A lack of investment in past years has led to a need for capital investment rather than smaller scale revenue upkeep.
HR Implications:	Well maintained buildings ensure the health and wellbeing of staff that are based in the property. Poorly maintained working premises create a barrier to increased productivity. Lack of investment could lead to potential redundancies due to a loss of business.
Risk Implications:	There are high Health and Safety risks if improvements are not carried out. Frequency of calls to the repair line increases for life expired components. Where replacement of components is put off until items fail, the risk increases that the ability of services to operate will be impaired (for example boilers where parts are obsolete, cannot be quickly repaired when they fail, resulting in a greater risk that buildings may have to close whilst works are undertaken). Failure to invest in the property and ICT is a false economy as our customers not only expect a good customer experience but demand up to date technology. We need to retain our customer base as well as attract new business. Unless the service can retain current customer base and increase on this the service may not be able to run a balanced budget, reduce the current deficit or pay off the current loan on the Hyde Building. **Likelihood** 4 **Impact** 4 **Risk Score** 16
Other Implications (including due regard implications):	**Health and Wellbeing** Well maintained buildings ensure the health and wellbeing of staff that are based in the property. Poorly maintained working premises create a barrier to increased productivity. Lack of investment could lead to potential redundancies due to a loss of business. **Sustainability Implications** Planned Improvement Programme Effective maintenance contributes to the realisation of an energy efficient property estate by ensuring the efficient operation of systems and equipment and by minimising heat loss through the building fabric. Effective maintenance prolongs the useful life of plant and also protects/enhances the value of a building and its equipment. Improvements will be aligned to the Council's Energy Policy and energy initiatives.

	<u>Health and Safety Implications</u> By undertaking planned maintenance works, risks to health and safety of employees and members of the public will be reduced, whereas waiting for components to fail rather than addressing them when first identified as requiring attention, will carry a greater risk of injury or ill-health and potential breach of H&S legislation. Compliance with certain legislation such as that related to fire safety is mandatory and will have to be undertaken therefore the implications here are more likely to be financial as improvements to comply with legislation will have to be funded from revenue budget if no capital is agreed.
Scrutiny comments / recommendation (if any):	Not applicable

1. Background

1.1. Dillington House was established by Somerset County Council in 1949 as a residential college for adult education. Over the years the service has significantly changed and has diversified to provide a wider range of services including wedding, social functions and conferencing facilities. Dillington House has been working hard to operate at a zero cost to Somerset County Council and has been reducing costs and trying to grow the business to achieve this.

Dillington House is leased from Dillington Estates under a full repairing lease that began in 1949. A second full repairing lease was entered into in 1963 and ends in 2062. It is a fully traded unit but remains part of Somerset County Council (SCC) and operates within the boundaries of SCC.

Our aims and objectives are listed in the Dillington House 5 year Business Plan:

- To generate enough business and surplus in order to reduce the accumulated deficit within the trading accounts and produce return for SCC where possible.
- To ensure the current loan/mortgage is repaid to SCC.
- To generate a financial surplus to be used for a programme of continual investment in the business.
- To provide a high level of customer service.
- Build a high performing team and culture of continuous improvement

1.2. Currently, investment in the property has been primarily reactive, focusing on repairing and maintenance when failures occur, this leads to higher and more frequent call-outs for patch repairs and has a higher risk that should a major component such as a boiler fail, the ability to deliver services will be significantly impacted. It will be more expensive in the medium to long term to manage the site in this reactive way than to proactively manage a 5 year investment programme.

Only minimal planned maintenance projects were carried out as the repairs and maintenance budget could not afford to meet anything beyond reactive repairs and servicing costs.

Although general day to day maintenance or repair is deemed as revenue expenditure, for the avoidance of doubt, the proposals referred to here are specifically in relation to capital expenditure that would replace, for example, whole components such as roofs, boilers or windows which would comply with the latest standards in terms of improved energy use/insulation levels etc.

1.3. As mentioned above Dillington's offer has changed significantly over the years and has moved into the weddings arena more seriously over the past few years.

The table below shows how the number of weddings has significantly reduced in 2017/18 compared to previous years.

Year	Number of weddings
2015/16	51
2016/17	53
2017/18	32 (21 down on last year)
2018/19	15

Some of this can be attributed to the highly competitive area but recent feedback from several brides is that the general décor is looking tired due to lack of investment. Although this appears trivial, the weddings market is highly competitive and customer demands and expectations are growing. The unique selling point has to be the magnificence of the house and not many other competitors in the region have such a venue.

Although internal re-decoration is being planned a more robust capital property investment programme is required to secure Dillington's future as Somerset's Premier Events Venue.

1.4. Dillington has lost ground in the corporate conference sector and there is the need to generate some successful marketing ideas such as offering larger discounts on a Monday which is more than often a quiet day. The table below shows the number of conferences that have reduced over the past 3 years.

Year	No of conferences
2014/15	466
2015/16	422
2016/17	365

The backset of Dillington makes it the perfect venue to provide a serious business environment to make meetings, residential conferences or training events a resounding success.

There is still a business need for face to face meetings to share information and enable that all important opportunity to network. Although our conference rooms themselves are fit for purpose we need to upgrade the audio/visual technology to enhance our customer's experience.

Several of our customers are asking for video conferencing facilities as well as requests for the facility to deliver high quality presentations as part of our Adult Education Programme. As you can imagine we need high resolution functionality when delivering a workshop on digital photography. Some customers have resorted to bringing their own equipment in as Dillington's is too dated.

The one-off investment you see listed below will enable us to become a more professional event's venue by offering state of the art modern technology.

1.5. All of the staff at Dillington are passionate about providing a memorable customer experience and the service has a strong reputation for a friendly, professional service. Securing this investment will be a positive message to staff that the Council are investing in Dillington and enable the smooth implementation of the 5 year Business Plan.

2. Options considered and reasons for rejecting them

2.1. The service could fund the above from existing budget but this would result in the service failing to afford to pay the SCC loan for the Hyde building.

2.2. By not investing in adequately maintaining premises, the County Council will fail to meet its obligations under Health and Safety legislation. It also risks reputational damage should services not be able to operate.

2.3. Property maintenance is currently addressed in the main through undertaking reactive repairs to urgent building issues. This is not a sustainable approach as it fails to effectively utilise our limited available resources. Without a programme of sustained investment, there is also a risk of breaching SCC's legislative duties e.g. Health & Safety, Commercial.

For these reasons, the alternative option of retaining the current reactive approach was rejected in the preparation of this paper.

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	587,560
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**587,560**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	163,060	130,000	197,500	97,000

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme
Proposal Form

Bridgwater to Taunton Canal and River Corridor

Cabinet Member(s):	Cllr David Hall - Cabinet Member for Resources and Economic Development
Division and Local Member(s):	Cllr Simon Coles (Taunton East), Cllr Giuseppe Fraschini (Taunton North), Cllr David Fothergill (Monkton & North Curry), Cllr Bill Revans (North Petherton), Cllr David Hall (Bridgwater East & Bawdrip), Cllr Leigh Redman (Bridgwater South), Cllr David Loveridge (Bridgwater North & Central), Cllr Ann Bown (Bridgwater West)
Lead Officer:	Barry James, Strategic Commissioning Manager (Community Infrastructure)
Author:	Barry James, Strategic Commissioning Manager (Community Infrastructure)
Contact Details:	07919 540986 bjames1@somerset.gov.uk

Summary of Proposed Investment:	The waterway corridor extends from the Silk Mills Park and Ride and Local Nature Reserve along the River Tone through Taunton; a 15 mile corridor adjacent to the canal to Bridgwater Docks and along the River Parrett to the Exchange and Dunball where a new Park and Ride is proposed. The works which the Capital Bid funding will cover relates to capital projects to improve and the facilities along the canal and river corridor. This constitutes a range of environmental works such as surfacing of paths for cyclists, providing facilities that help encourage use of the canal, open space development and community woodland creation.
Reasons for Investment:	To improve services, support economic prosperity and social health and wellbeing and enhance the environment. To improve the river and canal corridor so it is better suited to use by both residents and tourists who will be able to use the waterways, paths and open spaces more freely as a sustainable and safer walking and cycling commuting route to work, school, shopping and leisure facilities and for healthy recreation on and next to the water with an enhanced environmental quality on and off line.
Links to Priorities and Impact on Service Plans:	This capital investment will help improve health and wellbeing by providing an area for walking, cycling and recreation. The Canal is a tourist attraction which makes a contribution towards the economy of Somerset. Funding improvements on the canal and its environs means effective and efficient use of money as costs are shared with Sedgemoor District Council and the Canal & River Trust and its partners.
Consultations undertaken:	SCC's funding contribution has been, and continues to be, welcomed and recognised as crucial to the delivery of

<table>
<tr><td></td><td>improved facilities along the Bridgwater – Taunton Canal and River Parrett corridor by:

Officer representatives of Somerset County Council (SCC) and Sedgemoor District Council (SDC) and Members many of whom are the relevant Divisional and Ward Members;
• The Canals & River Trust (CRT)
• Somerset Waterways Development Trust (SWDT)
• Inland Waterways Association (IWA)</td></tr>
<tr><td>Financial Implications:</td><td>Whilst there were annual financial contributions from partners TDBC and SDC, regrettably TDBC cut its funding contribution completely in 2015/16 and confirmed they will not be making any future contributions. The regular Capital funding contribution from SDC is expected to continue next financial year (2018/19).

The tourism economy of Somerset (e.g. tea rooms, pubs, B&B’s) would be impacted if the waterway corridor fell into disrepair as a likely consequence of reduced funding.

It is possible that funding partners would consider dropping their funding contribution in line with any reduction in SCC funding.</td></tr>
<tr><td>Legal Implications:</td><td>There is no statutory duty for the County Council to continue this work as proposed.

It is possible that some elements of the work may possibly require planning permission to be obtained.</td></tr>
<tr><td>HR Implications:</td><td>None identified.</td></tr>
<tr><td>Risk Implications:</td><td>Failure to continue capital funding or reducing funding would likely result in the degradation of the canal swing bridges and towpaths.

As the maintenance of the canal swing bridges would continue be a revenue-funded work stream with responsibility currently transferred to the CRT under the anticipated renewed Maintenance Agreement along with an annually reviewable revenue contribution, a decision to reduce or cease capital funding would not represent a health and safety risk or potentially lead to the need to formally close affected Public Rights of Way or parts thereof. These risks would be managed by the CRT and SCC’s Rights of Way and Bridge Structures services.

The closure of the canal and towpath would be likely to generate significant negative publicity and adversely affect the benefits referred to under ‘Links to Priorities and Impact on Service Plans’ above.
<table><tr><td>Likelihood</td><td>3
2</td><td>Impact</td><td>3
2</td><td>Risk Score</td><td>9 (current)
6 (projected)</td></tr></table></td></tr>
<tr><td>Other Implications (including due regard implications):</td><td>Equalities Implications
Access - statutory access would be maintained and revenue funded but access by cyclists and the mobility</td></tr>
</table>

	impaired/pushchair users along towpaths and boaters would likely be inhibited / prevented. Equality and diversity - a reduction in the standard of the towpaths and bridges may impact on those with reduced mobility. Human Rights: reduced access may affect a person's right to freedom of movement and a reasonable quality of life. **Community Safety Implications** Reduced access to property may inhibit access to the emergency services and potentially increased social isolation or exclusion. **Sustainability Implications** Degradation in the quality of towpaths and swing bridges would likely reduce people's propensity to travel by foot, cycle or boat into, out of, and between Taunton and Bridgwater, choosing less sustainable motorised forms of travel. **Health and Safety Implications** Degradation in the quality of towpaths and swing bridges as a result of reduced funding would likely increase the risk of injury and harm to users of the canal and river corridor. **Health and Wellbeing Implications:** Positive impacts on health and wellbeing due to improved facilities and towpath surfaces encouraging walkers, cyclists, pushchair and mobility vehicle users and recreational activities along the canal and river corridor, aiding fitness, and general health and wellbeing; Positive impacts on preventing ill-health (physical and mental health) by encouraging mild/moderate physical activity and access to better air quality and 'escapism' from busy life; Positive impacts on reducing health and social inequalities by improving accessibility to mild/moderate physical activity opportunities and by providing an improved alternative mode of transport to the more costly private car or public transport for access to employment, education, social and recreational opportunities.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. The CRT is responsible for the maintenance of historic waterways in England and Wales including The River Parrett and Bridgwater – Taunton Canal. The CRT is responsible for maintaining and improving the network of bridges, embankments, towpaths, aqueducts, docks and reservoirs, and produces an annual plan of work to be undertaken, involving stakeholders and investigating external funding opportunities. Until it was disbanded in 2015/16, the CRT was also responsible for administering the Somerset Waterways Advisory Committee (SWAC), which was chaired by one of the funding authorities (most recently SDC). Its role was to oversee and guide the policies and actions of the various organisations involved in maintaining and developing Somerset's waterways.

1.2. The CRT's work in respect of the River Parrett and Bridgwater – Taunton Canal corridor was, until 2015/16, funded in part by SCC, TDBC and SDC, when TDBC ceased its Revenue and Capital funding. These councils were represented on the SWAC. Arrangements between officers of the CRT and the funding partner authorities are being put in place in light of the dissolution of SWAC, including biannual progress meetings.

The responsibility for maintenance of the canal infrastructure including the 5 swing bridges for which the County Council's Structures Team over the Rights of Way Service (where the bridges carry a Public Right of Way) is statutorily responsible, has been divested to The CRT. This was done along with a covenanted annually reviewable revenue contribution (approximately £15,000 from each of the three councils). Under the terms of the maintenance agreement, maintenance responsibilities were transferred to the CRT.

This Capital Bid is to fund non-statutory improvements/enhancements works to develop the corridor as a commuter, recreational, and tourism route create open spaces and promote the navigation of the canal and river. This bid is therefore to cover non-statutory works, not covered by either the Structures or Rights of Way Services.

2. Options considered and reasons for rejecting them

2.1. Ceasing all Capital funding was considered but it may result in the canal and towpath becoming unusable by boats and cyclists respectively. The loss of the canal's navigable status and degradation of the towpath to inhibit or prevent cyclist use would be likely to generate significant negative publicity.

2.2. Modifications to 5 swing bridges following an SCC condition survey are intended to reduce significantly the cost of maintenance in future years. Highway safety is a statutory responsibility and the works will make the bridges safer.

3. Background Papers

3.1. None.

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Requests

	2018/19 £
Total Cost of Scheme (a)	20,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**20,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	20,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme
Proposal Form

Heritage Conservation, Management and Enhancement

Cabinet Member(s):	Cllr David Hall - Cabinet Member for Resources and Economic Development
Division and Local Member(s):	All
Lead Officer:	Michele Cusack, Service Director (Economic and Community Infrastructure Commissioning)
Author:	Barry James, Strategic Commissioning Manager (Community Infrastructure)
Contact Details:	07919 540986; bjames1@somerset.gov.uk

Summary of Proposed Investment:	SCC, working with the South West Heritage Trust (SWHT), delivers conservation, management and enhancement of the public realm/highway and other sites around the county. Using SCC Capital Funding to support match funding from other sources, important public realm works are carried out each year to protect and enhance Somerset's historic built environment; notably in market towns and villages and in the wider countryside. A capital funding allocation of £50,000 for 2018/19 will support schemes that enhance the local environment and help to develop local awareness and pride of place. Investing in historic places attracts people, business and spending. The conservation of heritage assets makes a positive contribution to local economic vitality and helps to develop sustainable communities. The conservation projects relate to the management of SCC-owned Heritage Assets as well as to Designated Heritage Assets as defined by the National Planning Policy Framework 2012 (NPPF) (e.g. Scheduled Monuments, Listed Buildings and Conservation Areas) and thus supports the delivery of the requirements of the NPPF. Assets include the Council's own properties e.g. bridges, schools, structures, historic or listed buildings, sites and other assets affected by highway and other schemes.
Reasons for Investment:	• The programme cares for statutorily-protected sites and ancient monuments. Failure to continue the programme could mean irreversible loss to Somerset's heritage and sites and that structures are placed on Historic England's (formerly English Heritage's) At Risk Register. • Capital funding is needed to leverage external funding from key partners. • The programme enables the use of volunteers, students and local groups to help deliver physical improvements to the historic environment. • Securing funding is crucial to enable the South West Heritage Trust (SWHT) to discharge its responsibilities to Somerset County Council for making sure that Somerset's

	heritage is excellently cared for. The grant agreement between SCC and the Trust specifies that "*the Trust will develop and implement projects to protect, conserve and enhance heritage assets in the public realm in Somerset, including assets in the Council's ownership, working in partnership with the Council and other agencies to achieve capital funding to deliver such projects*."
Links to Priorities and Impact on Service Plans:	The heritage conservation projects that are enabled through the match funding provided by the Council's £50,000 capital allocation support a range of schemes across the County which support the aim of Somerset being "a great place to live, work and play in", and that "we want more people to visit our beautiful and vibrant county to fuel our economy". The investment and subsequent action helps to enhance the county's beautiful environment and to promote Somerset and its heritage tourism offer, with an attractive environment encouraging investment in the County. Using this funding to leverage external funding to care for and protect Somerset's historic environment makes a major contribution to the care of Somerset's historic environment at low cost to the County.
Consultations undertaken:	Not applicable.
Financial Implications:	It was agreed last year that there would be a capital funding allocation of £50,000 for each of 2017/18, 2018/19 and 2019/20. This bid reiterates the on-going need for this funding. Capital funding is used to leverage external funding from key partners, such as Historic England and the Heritage Lottery Fund. The programme is oversubscribed and prioritised according to the most urgent need and the meeting of external funding criteria. The work will be carried out by the South West Heritage Trust.
Legal Implications:	The conservation projects relate to Heritage Assets as well as to Designated Heritage Assets as defined by the National Planning Policy Framework 2012 (NPPF) (e.g. Scheduled Monuments, Listed Buildings and Conservation Areas) and thus supports the delivery of the requirements of the NPPF. The programme cares for statutorily-protected sites and ancient monuments. Failure to continue the programme could mean irreversible loss to Somerset's heritage and sites and that structures are placed on English Heritage's At Risk Register.
HR Implications:	The programme is carried out by the South West Heritage Trust. The programme enables the use of volunteers, students and local groups to help deliver physical improvements to the historic environment. Training and guidance are also given.
Risk Implications:	The programme cares for statutorily-protected sites and ancient monuments. Failure to continue the programme could

	mean irreversible loss to Somerset's heritage and sites and that structures are placed on English Heritage's At Risk Register.
	Likelihood 4 **Impact** 4 **Risk Score** 16
Other Implications (including due regard implications):	**Equalities Implications** In developing specific schemes supported by the capital funding due regard will be paid to all equalities implications. In general, schemes will have a positive implication for access, community safety, sustainability and health and safety. Through enhancement of the county's beautiful environment and through the use of volunteers the work also supports the Council's health and wellbeing priorities. Failure to care for ancient monuments and statutorily protected sites could impact on the ability to access them safely (or at all). There are no equality and diversity or human rights implications identified. **Community Safety Implications** Reduced care for our heritage assets can have a negative impact upon the quality of life for our residents and their wellbeing. **Sustainability Implications** The only sustainability-related issue relates to the care and longevity of the assets, and their ability to contribute towards the heritage of the county. **Health and Safety Implications** There are potential health and safety implications if our heritage assets are not suitably cared for; it is an important consideration for their on-going care and maintenance. **Health and Wellbeing Implications:** Continued care of heritage assets contributes positively to the wellbeing of residents and potentially on their mental health..
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. SCC, working with the South West Heritage Trust (SWHT), delivers conservation, management and enhancement of the public realm/highway and of other sites around the county. Using SCC Capital Funding to support match funding from other sources, public realm works are carried out each year to protect and enhance Somerset's historic built environment notably in market towns and villages and in the wider countryside.

A capital funding allocation of £50,000 for 2017/18 will support schemes that enhance the local environment and help to develop local awareness and pride of place. Investing in historic places attracts people, business and spending. The conservation of heritage assets can make a positive contribution to local economic vitality and help to develop sustainable communities. Capital funding is needed to leverage external funding from key partners.

The conservation projects relate to Heritage Assets as well as to Designated Heritage Assets as defined by the National Planning Policy Framework 2012 (NPPF) (e.g. Scheduled Monuments, Listed Buildings and Conservation Areas) and thus supports the delivery of the requirements of the NPPF.

Assets include the Council's own properties including bridges, structures, schools, historic or listed buildings, sites, and assets affected by highway and other schemes. The programme enables the use of volunteers, students and local groups to help deliver physical improvements to the historic environment. *Communities appreciate the contribution that the historic environment makes to their towns and villages and they expect the County Council to lead by example to ensure the sustainable management of the local historic assets.*

1.2. The programme cares for statutorily-protected sites and ancient monuments. Failure to continue the programme could mean irreversible loss to Somerset's heritage and sites and that structures are placed on the Historic England's At Risk Register.

1.3. Securing funding is crucial to enable the South West Heritage Trust (SWHT) to discharge its responsibilities to Somerset County Council for making sure that Somerset's heritage is excellently cared for. The grant agreement between SCC and the Trust specifies that "the Trust will develop and implement projects to protect, conserve and enhance heritage assets in the public realm in Somerset, including assets in the Council's ownership, working in partnership with the Council and other agencies to achieve capital funding to deliver such projects."

2. Options considered and reasons for rejecting them

2.1. If there is no capital allocation there will be a very limited likelihood of partnership project work and draw-down from other funders. The South West Heritage Trust already ensures that the capital funding allocated from SCC is used to leverage additional external investment.

3. Background Papers

3.1. None.

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	50,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**50,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	50,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme Proposal Form

Public Rights of Way

Cabinet Member(s):	Cllr John Woodman, Cabinet Member for Highways & Transport
Division and Local Member(s):	All
Lead Officer:	Mike O'Dowd Jones, Strategic Commissioning Manager – Highways & Transportation
Contact Details:	01823 356238 modowdjones@somerset.gov.uk
Author:	Pete Hobley, Service Manager – Rights of Way
Contact Details:	01823 358185 pahobley@somerset.gov.uk

Summary of Proposed Investment:	This paper sets out the details of a bid for capital maintenance to maintain the significant number of bridges and other structures on the public rights of way network which require on-going repair or replacement and in most cases can be enhanced to improve their lifespan and meet current safety and accessibility standards. A capital investment programme is required to ensure the assets are in an appropriate and safe condition for the public to use, to minimise liabilities for the Council, and to enable the purchase of items to enable the delivery of volunteer initiatives. It is proposed that Cabinet recommends that Full Council approves the following Capital Investment Programme for Rights of Way.
Reasons for Investment:	There are over 6,000km of public rights of way across Somerset comprising 4,700+ bridges and 36,000+ other structures and assets (stiles, gates, signposts, etc.). The extensive network requires a significant capital investment programme to ensure that the network remains available and easy to use for the public. The path network can play a key role in changing travel preferences, economic regeneration and improving health and wellbeing.
Links to Priorities and Impact on Service Plans:	Rights of way contributes to a range of targets in the 2016-2020 County Plan: **Partnerships** Seeking advice from the Somerset Local Access Forum and working with many volunteers and user groups. **Our adults services,** Keeping public rights of way well maintained and accessible to all contributes to the County Plan target: • Adults' health and wellbeing/long-term prevention

	All about you Pro-actively developing our volunteer base and working with existing volunteers to provide greater support for inspecting and maintaining rights of way contributes to the County Plan target: • Building up our communities We will work with the voluntary sector, community and social enterprise sector to have more volunteers help and support available within Somerset's communities **Economy** Rights of way provides a great deal of work to local small businesses directly contributing to the County Plan target: • Helping small businesses Rights of way also maintain the off-road highway network allowing our communities to travel safely. **Our Council** Pro-actively developing our volunteer base to help maintain the rights of way network reduces the call on SCC services and helps deliver the County Plan target Living within in our means. Using small local businesses to help maintain the rights of way network contributes to the County Plan target • Developing businesses We will provide more opportunities for local suppliers to provide us with services **<u>Social Value Policy Statement (areas)</u>** **Improving health and wellbeing** Public Rights of Way (PRoW) are a free resource that can enable people to increase their level of physical activity through walking, cycling or horse riding. Outdoor physical activity makes a direct, positive contribution towards mental health and emotional well-being. **Helping build community capacity** Development of existing and new volunteer initiatives under the Community Paths Partnership will ensure Community participation in helping to keep the rights of way network open. **Creating opportunities for micro-providers** Much of the rights of way work already goes to small enterprises, with the potential to focus on this more in the future.
Consultations undertaken:	Consultation has been carried out with the Opposition Spokesperson and the Cabinet Member for Highways & Transport. No specific Cabinet Member conflicts of interest arose.
Financial Implications:	The financial implications of not taking forward an investment programme are significant, not only to the County Council in

	the event of a bridge / structure collapse, but to the local economy as a whole. Potentially the authority is open to legal challenge in respect of a failure to carry out its statutory duties. In the event of a personal injury accident caused by the failure of a structure, the cost to the authority of a subsequent claim could potentially be significant. The total rights of way structures stock is currently valued at around £19m. Unanticipated failures of the rights of way structures are likely to require greater funding to rectify than planned replacement. There are already several paths under long-term temporary closures due to unsafe structures. Renewing the closures comes with an administrative cost. If capital investment is not progressed then more paths will require temporary closures that will need to be renewed for longer. The Secretary of State increasingly challenges the extension of temporary closures. In cases where an extension is refused the Council is placed at a greater risk of a successful personal injury claim.
Legal Implications:	In relation to the maintenance of structures and other assets, Somerset County Council as the Highway Authority has legal duties and obligations under the following main acts and legislation: • The Highways Act 1980 • Equalities Act 2010
HR Implications:	None.
Risk Implications:	Should the rights of way capital programme not be taken forward, there are risks for both safety of the public using the rights of way network and liabilities through claim and challenge. These risks will be managed through a robust path and asset inspection regime and the use of temporary closure orders as necessary. There will also be a risk to staff positions if the programme was not to proceed. Score in brackets is if there was no capital investment: **Likelihood** 2(5) | **Impact** 2(5) | **Risk Score** 4(25)
Other Implications (including due regard implications):	**<u>Equalities Implications</u>** Most capital works endeavour to improve the accessibility of the paths concerned by reducing the number of limitations such as width, stiles, gates or steps. This is in line with our obligations under the Equality Act 2010. **<u>Community Safety Implications</u>** Improved and safer access to the rights of way network. Avoiding the need to use roads where there is the potential for conflict with vehicles.

	Sustainability Implications Wherever possible the lifespan of structures are enhanced by galvanising existing steel beams or using replacement materials that will last longer than the existing. Use of local contractors and local volunteer workforce will help to reduce the vehicular mileage associated with performing our statutory duties. **Health and Safety Implications** Risk of death or injury to a user of a right of way will be reduced and wherever possible the standard of the structures will be improved to make them safer. **Health and Wellbeing Implications** By increasing the accessibility and availability of the path network there is greater opportunity for the public to use the network thus enhancing health and wellbeing. Volunteer involvement also improves their health and wellbeing by being physically active and having social interaction. Therefore the investment, if approved, will have a positive impact on health and wellbeing, preventing ill-health (physical and mental health), and reducing health and social inequalities.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. There are currently 4,940 bridges carrying Public Rights of Way (RoW) in Somerset. The RoW Capital Programme addresses the repair or replacement of bridges outside of the revenue funded service, of which there are 1,340 significant bridges; these include all bridges with a span greater than 6m, vehicular bridges and stone arch bridges. There are also 30 structures, including retaining walls, dams and tunnels.

1.2. From the on-going inspection programme of the 1,340 significant bridges it is estimated that at least a quarter are now in a poor condition, based on the 256 already recorded as such. On-going inspection of the smaller bridge stock suggests that over half of the 2,521 smaller bridges have moderate defects and over a quarter are in poor condition requiring repairs soon.

1.3. Outside factors can lead to programme slippage, e.g. landowner permissions, obtaining & securing necessary consents, planning process constraints, seasonal and ecological constraints.

1.4. Many stiles and gates on rights of way are timber. By investing in replacement metal gates it should enhance their lifespan and provide for more reliable and safer assets. Surfacing improvements are also required across the network and these are often necessary to safeguard the public use and also to minimise the risk of being served ‘out of repair’ notices.

2. Options considered and reasons for rejecting them

2.1. An alternative option would be for a volunteer workforce to deliver the capital works. This could potentially reduce the investment required. Whilst volunteer working parties will take place in some cases (smaller timber assets), for the majority of the capital works specialist skills and plant are required making it unsuitable for volunteers.

2.2. Another option is to permanently extinguish or divert paths to avoid the repair/ replacement of the assets concerned. Extinguishment orders may be met with resistance from statutory consultees and could be undeliverable. Diversions will always be a consideration as per the Rights of Way Improvement Plan 2, where significant investment is required. However, due to the legal framework this will only be achievable in a very limited number of circumstances, and although it can potentially save some investment it will still have a cost associated with the administration of the diversion order, in addition to any compensation that may be payable to those affected. This is not a realistic alternative to avoid a capital investment programme

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	213,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**213,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018.19 £
ERDF	0
LEP/Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	213,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme
Proposal Form

Corporate Property Investment Programme

Cabinet Member(s):	Cllr David Hall – Cabinet Member for Resources and Economic Development
Division and Local Member(s):	All
Lead Officer:	Claire Lovett, Head of Property, Commercial and Business Services
Author:	Darren Puckett, Property - Projects & Finance
Contact Details:	01823 355712, dpuckett@somerset.gov.uk

Summary of Proposed Investment:	Somerset County Council has a portfolio of approximately 196 Properties (excluding Schools and including Farms) for which it is responsible for ensuring that they are maintained to a safe and suitable standard. These premises range from those accessed by members of the public to ones occupied by SCC's own employees as well as those occupied by third parties and tenants. Maintenance responsibilities can vary, however in the majority of cases, SCC as landlord remains responsible for the fabric and structural condition of its premises. There is currently a significant amount of high priority planned maintenance work to renew or replace life-expired components (such as roofs/boilers etc.) to ensure premises are kept operational and in a safe working condition. <u>Fire Precaution Works</u> Under the Regulatory Reform (Fire Safety) Order 2005 SCC has and continues to undertake Fire Risk Assessments (FRAs) on its properties with FRAs undertaken by the County Health and Safety Unit. Resulting from the FRAs there is an extensive list of high priority and urgent fire safety improvement works requiring implementation, the majority of which are mandatory in terms of compliance with the Regulations. Fire Precaution Works have historically (until 2017/18) been funded from the revenue repairs and maintenance budget, addressing the high priority or most urgent works, but a significant back log of work still remains, with some items of work dating to 2005 still requiring attention. These works however are not routine maintenance but in fact improvement works more properly assigned to capital and requiring a dedicated budget from which they can be funded, rather than adding additional pressure to an already over-stretched repairs budget. An allocated capital fund for Fire

	Precaution works will therefore help in targeting works in a more effective manner to address the back log of works required. The recent events in London, with the fire at Grenfell Tower has brought fire safety to the forefront and in this respect it is imported that adequate resources are allocated to ensure that the Authority fulfils its statutory duties. <u>High Hazard Asbestos Works</u> Under the Control of Asbestos Regulations 2012 SCC has a duty to manage asbestos in its buildings and conducts asbestos surveys on a 5 year rolling programme. As a result of these surveys there is a need to remove or make safe asbestos which has deteriorated or become damaged, which if left could pose a hazard to health. <u>County Farm Holdings</u> There is an on-going requirement to comply with statutory obligations, such as electrical and water services, sewage treatment and disposal systems, tree surveys and inspections, health and safety and land management issues, as well as contractual obligations under the various types of tenancy agreement regarding maintenance and upkeep of buildings and structures, service supplies, landscape features etc. Updating and improvement of landlords fixed equipment, although usually part of a tenancy contract, can also lead to an increase in rental income. <u>Accessibility Improvements</u> Under the Equalities Act 2010 SCC has a duty as an employer to ensure that it makes reasonable adjustments to premises to ensure that its workplaces are suitable to meet the needs of all of its staff, including those with disabilities. In some cases this may relate to the provision of suitable equipment, for which there is usually funding support available, however it is sometimes necessary to make physical alterations/improvements to buildings to meet employee's specific needs, for which there is no identified funding available and creates a pressure on operational revenue budgets. <u>Summary</u> This proposal is therefore to continue the Property Capital Investment Programme previously established, to include: • A programme to replace or renew major building components that have reached the end of their usable life in order to reduce the cost of on-going repairs. • Funding to enable improvement works for fire safety

	compliance. • Funding to enable improvement works for removal of High Hazard asbestos. • A programme to ensure that landlord obligations are met with specific regard to County Farms where investment will ultimately be repaid by capital receipts. • Improvements to the accessibility of buildings to meet the needs of employees with disabilities.
Reasons for Investment:	The main reasons for the investments outlined above are: • To ensure statutory compliance with Health and Safety regulations. • To ensure business continuity - which could be disrupted due to failure of components. • To ensure Landlord obligations are met, thereby avoiding potential claims or action on the part of the tenant which would likely increase the cost. • To improve the ability of the Corporate Property Group to manage and maintain the estate for which it is responsible. • To create savings in utility and operational costs. • To reduce the cost of maintenance and repairs.
Links to Priorities and Impact on Service Plans:	These proposals have links to the County Plan priorities to **'reduce the number of buildings we operate to free up funding for frontline services'** and **'Living within our means'** by ensuring we are able to maximise capital receipt income, by ensuring that properties are suitably maintained and by undertaking a programme of planned maintenance works and reducing the amount of costly day to day maintenance and repairs.
Consultations undertaken:	
Financial Implications:	<u>Corporate Planned Maintenance</u> The Corporate Repairs and Maintenance revenue budget for 2017/18 is £652,000 and current projections for year-end expenditure are £1,015,000.This is entirely based on reactive repairs and servicing costs with no scope to undertake planned maintenance works. The creation of additional capital funding in 17/18 was a significant step forward in reducing the backlog of works but it is critical that further funding is available annually to ensure that the highest priority works can be undertaken in good time rather than being deferred. The risk in doing so would mean that when works eventually need to be carried out due to critical failure, and often at considerably increased costs creating financial shocks for the Authority. The current 2017/18 capital maintenance programme is underway, valued at approx. £1.7m. However the current identified list of remaining high priority planned maintenance projects still totals a value of £2,615,000. <u>Fire Precaution Works</u> Using past activity as an indicator, current spend on

	addressing the highest priority FRA works in Corporate Properties (excluding Schools) is £60,000 however there still remains a significant number of issues which need to be addressed and therefore, in order to enable a more structured approach and to be able to address more than just the most urgent items, an annual capital budget of **£150,000** per year is proposed. <u>High Hazard Asbestos Works</u> An annual capital budget of **£50,000** is proposed based on existing levels of spend against the revenue repairs and maintenance budget in previous years. <u>County Farm Holdings</u> Capital investment in County Farm holdings will be realised when sites are eventually sold. Investment will reduce maintenance costs and enable more successful rent reviews to be carried out in Spring 2018 and thereby increase revenue. In order to carry out a suitable programme of repairs and upgrades to comply with statutory obligations an annual capital budget of **£150,000** per year is proposed. <u>Accessibility improvements</u> In order to address the need to undertake accessibility improvement works, an initial one off capital allocation of **£50,000** is requested in order to sufficiently enable building alterations to be undertaken when required. The intention would be that once the fund is fully spent, a supplement request will be submitted for it to be replenished.
Legal Implications:	Compliance with Health and Safety legislation for landlords (Landlord & Tenant Act) and employers (Health and Safety at Work Act) and the Equalities Act 2010. Compliance with the Regulatory Reform (Fire Safety) Order 2005 and the Control of Asbestos Regulations 2012, failure to comply with which may result in legal action. Failure to invest in County Farm holdings may result in legal action against the Council as landlord and lead to recompensing tenants if they are forced to carry out essential works at their own cost. It could also create potential issues related to occupiers' liability.
HR Implications:	Well maintained buildings ensure the health and well-being of building occupants. Poorly maintained working premises create a barrier to increased productivity. Failure to make reasonable adjustments for accessibility will have HR implications which may result in legal action.
Risk Implications:	There are high Health & Safety risks if improvements are not carried out. Frequency of calls to the repair line increases for life expired components. Where replacement of components is put off until items fail, the risk increases that the ability of services to operate will be impaired (for example boilers where parts are obsolete, cannot be quickly repaired when

<table>
<tr><td rowspan="2"></td><td colspan="6">they fail, resulting in a greater risk that buildings may have to close or services relocate whilst works are undertaken).

Contractual obligations under tenancy agreements may not be met if farm holdings fall into disrepair and may lead to higher costs through legal claims.

There is also a risk of reputational damage to the Authority through a failure to meet our obligations.

There are risks that the Authority could be taken to tribunal if it fails to meet its obligations to make reasonable adjustments for the needs of its staff.</td></tr>
<tr><td>Likelihood</td><td>5</td><td>Impact</td><td>4</td><td>Risk Score</td><td>20</td></tr>
<tr><td>Other Implications (including due regard implications):</td><td colspan="6"><u>Equalities Implications</u>
Buildings, their layout and internal fittings need to be accessible to both service users and employees and due regard needs to be given to specific needs and wherever possible, reasonable adjustments need to be made accordingly to accommodate those needs.

<u>Sustainability Implications</u>
<u>Planned Improvement Programme</u>
Effective maintenance contributes to the realisation of an energy efficient property estate by ensuring the efficient operation of systems and equipment (HVAC, controls, lighting etc.) and by minimising heat loss through the building fabric. Effective maintenance prolongs the useful life of plant and also protects/enhances the value of a building and its equipment.

<u>Health and Safety Implications</u>
By undertaking planned maintenance works, risks to health and safety of employees, tenants and members of the public will be reduced, whereas waiting for components to fail rather than addressing them when first identified as requiring attention, will carry a greater risk of injury or ill-health and potential breach of H&S legislation.

Compliance with certain legislation such as that related to fire safety is mandatory and will have to be undertaken therefore the implications here are more likely to be financial as improvements to comply with legislation will have to be funded from revenue budget if no capital is agreed.

<u>Privacy Implications</u>
No implications regarding planned maintenance works.

Where accessibility alterations are required to meet the needs of individuals, certain information around their needs may be required in order to identify the appropriate solution; however it should not be necessary for Corporate Property to record any detailed personal information relating to any given individual.</td></tr>
</table>

	Health and Wellbeing Implications – Well maintained buildings improve the health and well-being of building occupants. For example, draughty, cold and poorly maintained buildings can have a negative impact on health and moral. Well maintained, comfortable buildings are proven to improve the health and well- being of occupants and also increase productivity.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. Planned Major Repairs and Maintenance Projects

The Building Cost Information Service (BCIS) of the Royal Institution of Chartered Surveyors (RICS) recommends that 1-2 per cent of the ideal construction costs for buildings are used as a basis to calculate the amount required for their maintenance each year. BCIS also has a reference rule of thumb (based on the BCIS Economic Significance of Maintenance study) that across the whole economy, maintenance costs are 2.5% of the reinstatement cost of a building.

For SCC (excluding schools) and looking at buildings only (i.e. excluding land values), the book value of its assets as at 31st March 2017 was £119.779m. Using the BCIS range of 1-2% outlined above, the level of annual maintenance costs expected would range from £1.198m to £2.396m. The current revenue budget of £652,000 equates to 0.5% and demonstrates that, on its own as was the case prior to 17/18, would fall significantly short of what is required. The creation of additional capital funding in 17/18 was a significant step forward in reducing the backlog of works but it is critical that further funding is available annually to ensure that the highest priority works can be undertaken in good time rather than being deferred. Furthermore, BCIS forecasts that maintenance costs will increase over the next five years, by 2.5% in 2018 and a further 2.9% in 2019. It's then forecast to rise by over 4% in each of the next three years.

Prior to 2017/18, SCC has approved significant capital funding for maintenance related investment in the Schools estate and in certain other Services (such as Learning Disabilities) via minor works budgets. There has also been previous funding approved for County Farms however there has been very minimal capital funding to support planned capital maintenance projects across most of the rest of SCC’s property portfolio. As a result, all planned maintenance projects have historically fallen to the revenue Repairs & Maintenance budget, which in the main is focused on dealing with reactive repairs and servicing. As such only the most critical items of planned maintenance were undertaken.

Under that approach, investment had to be primarily reactive, focusing on repairing and maintaining properties when failures occurred, leading to higher and more frequent call-outs for patch repairs and has a higher risk that should a major component (such as a boiler or heating system) fail, the ability to deliver services will be significantly impacted. It is more expensive in the medium to long term to manage the estate in this reactive way than to proactively manage and maintain assets with cost avoidance and efficiency in mind.

The current 2017/18 capital maintenance programme is now underway, valued at approx. £1.7m. However the current identified list of remaining high priority planned maintenance projects still totals a value of £2,615,000 with the most urgent valued at **£325,000**. This therefore forms the basis of the funding proposal for 2018/19. It is important to note that this is based on data available at this point in time, building surveys are carried out continually and detailed investigation and scoping will take place before works proceed. Therefore the list of proposals will be subject to change as the programme is developed and detailed work is undertaken.

Although general day to day maintenance or repair is deemed as revenue expenditure, for the avoidance of doubt, the proposals referred to here are specifically in relation to capital expenditure that would replace, for example, whole components such as roofs, boilers or windows which would comply with the latest standards in terms of improved energy use/insulation levels etc. This work also ensures that the Authority's assets remain both functional and will maintain or extend their useable life.

A further annual sum of £650,000 is requested for each subsequent year to address future priorities; this is based on building survey data currently available and would maintain the investment level to the minimum recommended level of 1% of the asset value.

1.2. <u>Fire Precaution Works</u>

There is a current list of fire safety measures requiring implementation that have been identified following risk assessments undertaken by the County Health and Safety Unit. Currently no dedicated funding exists for Corporate Premises from which these can be funded. As the majority of these measures are mandatory in terms of compliance with Regulations, these costs currently fall against the revenue repairs and maintenance budget. However, these works are not routine maintenance, but improvements and so require a dedicated capital budget from which they can be funded rather than adding additional pressure to an already over-stretched revenue repairs budget.

The types of works involved include; early warning, secure means of escape including stairways, emergency lighting, structural matters/propagation, external safety on escape routes.

The Health and Safety Unit have been and continue to support Corporate Property in identifying priority works and assessing the most effective way to address such issues, bearing in mind budget constraints.

Using past activity as an indicator, current spend on addressing the highest priority FRA works in Corporate Properties (excluding Schools) is £60,000 however there are still a large number of outstanding issues which still need to be addressed, and therefore, in order to enable a more structured approach and to be able to address more than just the most urgent items, an annual capital budget of **£150,000** per year is proposed.

1.3. <u>High Hazard Asbestos Works</u>

With the on-going re-inspection of asbestos there continues to be a need to remove or make safe asbestos deemed to be a high hazard. Based on existing levels of spend against the revenue repairs and maintenance budget in previous years an annual capital budget of **£50,000** is proposed for high hazard asbestos works.

1.4. <u>County Farm Holdings</u>

There is an on-going requirement to comply with statutory obligations, such as electrical and water services, sewage treatment and disposal systems, tree surveys and inspections, health and safety and land management issues, as well as contractual obligations under the various types of tenancy agreement regarding maintenance and upkeep of buildings and structures, service supplies, landscape features etc. Updating and improvement of landlords fixed equipment, although usually part of a tenancy contract, can also lead to an increase in rental income. As an example, there are a number of farmhouse roofs on selected holdings which also require replacement. Roofs are in poor condition and can no longer be patch repaired. This can have a negative impact not only on the buildings' energy efficiency, but the longer left unattended to, increases the risk of further damage to the buildings' structure from water ingress.

Capital investment on both of the above will be realised when sites are eventually sold. In the meantime, investment will reduce on-going maintenance costs. It will also enable more successful rent reviews to be carried out in Spring 2018 and thereby increase revenue. Better equipped farmsteads should mean less contentious rent reviews and less time spent on maintenance, which ultimately will mean better holdings to let or sell.

Not only are there high Health & Safety risks if improvements are not carried out, it could also mean that contractual obligations under tenancy agreements may not be met if a holding falls into disrepair. This may result in legal action against the Council as landlord and lead to recompensing tenants where they are forced to carry out essential works themselves.

In order to carry out a suitable programme repairs and upgrades to comply with statutory obligations to maintain Farm buildings to a suitable standard, an annual capital programme budget of **£150,000** per year is proposed.

1.5. <u>Accessibility improvements</u>

SCC has a requirement as an employer to ensure that it makes reasonable adjustments to ensure that its workplaces are suitable to meet the needs of its entire staff, including those with disabilities. In some cases this may relate to the provision of suitable equipment, for which there is usually funding support available, however it is sometimes necessary to make physical alterations/improvements to buildings to meet employee's specific needs, for which there is no identified funding available and creates a pressure on operational revenue budgets.

An initial one off allocation of £50,000 is requested in order to sufficiently enable building alterations to be undertaken when required. The intention would be that once the fund is fully spent, a supplement request will be submitted for it to be replenished.

2. Options considered and reasons for rejecting them

2.1. Investment in Properties which are subject to rationalisation and where longer term occupation is in doubt should be kept to a minimum amount to ensure buildings remain safe and functional.

2.2. By not investing in adequately maintaining premises, the County Council will fail to meet its obligations under Health and Safety legislation. It also risks reputational damage should services not be able to operate.

2.3. Property maintenance was previously addressed in the main through undertaking reactive repairs to urgent building issues. This has been proven to not be a sustainable approach as it fails to effectively utilise our limited available resources. Without a programme of sustained investment, there is also a risk of breaching SCC’s legislative duties e.g. Health & Safety, Commercial.

For these reasons, the alternative option of reverting back to the reactive approach was rejected in the preparation of this paper.

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	725,000
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**725,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	725,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme
Proposal Form

County Hall A Block – Priority 1 Improvements

Cabinet Member(s):	Cllr David Fothergill – Cabinet Member for Strategy, Customers and Communities Cllr David Hall – Cabinet Member for Resources and Economic Development
Division and Local Member(s):	Cllr Simon Coles (Taunton East); Cllr Guiseppe Fraschini (Taunton North); Cllr James Hunt (Upper Tone); Cllr John Hunt (Bishops Hull and Taunton West); Cllr Hazel Prior-Sankey (Taunton South)
Lead Officer:	Claire Lovett, Head of Property, Commercial and Business Services
Author:	Joanna Mickens, Property Programme Manager
Contact Details:	01823 357018; JMMickens@somerset.gov.uk

<table>
<tr>
<td>Summary of Proposed Investment:</td>
<td>
This proposed scheme is part of the Corporate Property priority repairs and maintenance programme, and will provide a sustainable future for County Hall's historic A Block.
The proposal recommends investment in A Blocks infrastructure to enable a refurbishment project to create fit for purpose back office accommodation for existing SCC satellite offices and other public sector partners.
A Block is in poor condition, requiring urgent investment to repair and replace critical infrastructure. The A Block boiler also supplies C Block and Shire Hall and there is currently a significant risk of failure to all three buildings, which would impact on business continuity for both SCC and the council's lease obligation to the Ministry of Justice and other tenants.
The minimum priority works that are required to mitigate the risk of failure and ensure compliance with regulations are:

Replacement of the boiler and heat distribution to A Block, C Block, B Ground and Shire Hall
Replacement of the electrical infrastructure
Asbestos removal work
Replacement of the lift

This proposal enables the delivery of the proposed One Public Estate (OPE) Taunton back office hub project, which encourages public sector partners to create shared hubs to reduce overall costs in the public sector and to deliver surplus sites for growth and regeneration opportunities, creating new jobs in Somerset. The OPE proposal heavily supports Somerset's Sustainability and Transformation Plan (STP) priorities by enabling the co-location and integration of Health
</td>
</tr>
</table>

	and Social Care commissioning and provider services. The funding associated with the Taunton OPE refurbishment project is the topic of a separate CIP Proposal Form which should be read in conjunction with this one.
Reasons for Investment:	Investment is required to significantly reduce a severe risk of building failure to the organisation. The current budget of £1.7m for all corporate property repairs and maintenance is insufficient to address high cost repair needs for any individual properties. This proposal will bring A Block up to a modern standard of accommodation and ensure compliance with current building and health and safety regulations. Replacement of the heating system will deliver a 15-20% improvement in energy efficiency. The scheme will ensure continued use of A Block for local government services, protecting a heritage building in Taunton as a legacy. Delivery of these priority repairs will provide the robust services infrastructure and facilitate the additional proposal to refurbish A Block to modern office accommodation standards and enabling SCC to achieve strategic objectives through accommodating additional staff from 2019, located in 8 satellite buildings around the town, and freeing these sites up for alternative uses.
Links to Priorities and Impact on Service Plans:	These proposals have links to the County Plan priorities to **'reduce the number of buildings we operate to free up funding for frontline services'** and **'Living within our means'**, ensuring that properties are fit for purpose by undertaking a programme of urgent planned maintenance works. Associated benefits include reducing the amount of costly day to day maintenance and repairs as well as reducing running costs. <u>Council's Corporate Social Responsibility Statement</u> • Lead by example though managing our own activities to become more socially responsible in our business relationships. (As a service provider, procurer, landlord and employer), we are also uniquely positioned to influence our partners to do the same; • Encouraging our customers, communities and employees to behave in more environmental ways; • Reducing waste generation, water and energy consumption; • Measuring and reporting greenhouse gas (GHG) emissions annually. <u>A sustainable Council</u> • Reducing property portfolio. SCC can reduce its portfolio across Taunton by implementing this proposal

	to enable the opportunity to optimise use of its main HQ building. Council's Energy Policy The following Energy Policy objectives will be met by the proposal: • Reduce the impact of rising energy costs • Manage and reduce bottom line spend on energy • Unlock savings by reducing demand and improving energy efficiency; • To enhance Somerset County Council's reputation as a socially responsible organisation.
Consultations undertaken:	The following stakeholders have been briefed in relation to the outline of these proposals, on the understanding that the project will not be implemented until relevant approvals are given: OPE Partnership Board – 3 July 2017 OPE SCC Board – 12 July 2017 Team managers located in A Block County Hall in relation to decant requirements – July 2017 To date no conflicts of interest have been declared from Cabinet or Council Members in relation to these proposals.
Financial Implications:	The costs contained within this proposal are pre-tender, and therefore subject to change as scope and detailed design is developed. The funding for the County Hall priority repairs and maintenance works for A Block will be secured through a capital bid. The project is expected to have a capital cost of approximately £6.441 million. This figure includes the cost of decants & furniture clearance. The identified costs represent the minimum investment required to bring the services infrastructure and building facilities up to a reasonable standard, including replacement of heating systems, lighting and electrical re-wiring to improve energy efficiency. Should the additional refurbishment bid not be approved then further improvement works such as decorating, repairing or replacing windows, doors, floor covering, etc. would need to be managed by future annual maintenance investment. Energy efficiency savings: Replacement of the existing heating systems with a more energy efficient system could deliver revenue savings to running costs in the region of 15-20%, or £4,000-£6,000 p.a.

<table>
<tr><td>Legal Implications:</td><td>Adherence to appropriate Contract and Standing Orders when appointing a contractor and letting the contract for the refurbishment works
Compliance with Health and Safety legislation for landlords (Landlord & Tenant Act) and employers (Health and Safety at Work Act)
Listed building consent will be required to enable the delivery of this scheme
Delivery of a new heating system that supplies Shire Hall requires the Ministry of Justice to agree the contribution required under the terms of their lease</td></tr>
<tr><td>HR Implications:</td><td>Decant 200 staff out of A Block to C Block to enable works
A clear communication strategy and plan will be established to ensure appropriate engagement with staff and members
Well maintained buildings ensure the health and well-being of building occupants. Poorly maintained working premises create a barrier to increased productivity.</td></tr>
<tr><td>Risk Implications:</td><td>There is a high business continuity risk if the existing time-expired centralised boiler in A Block fails. If essential replacements are carried out piecemeal when individual components fail, the risk increases that services will not be able to operate from either A Block, C Block or Shire Hall.

Furthermore, due to the age of the existing systems, repairs are further impaired (for example heating system components become obsolete, and cannot be quickly repaired when they fail, resulting in a greater risk that buildings may have to close or services relocate whilst works are undertaken).

Contractual obligations under tenancy agreements with the Ministry of Justice and others may not be met if the heating system fails, and lead to higher costs through legal claims.

There is also a risk of reputational damage to the Authority through a failure to meet our obligations.
Disruption to services during works and move periods
Identifying suitable decant options
Scope creep impacts on affordability
SCC are unable to fund and resource the project
Mitigations for each of the above risks have been identified to reduce the likelihood of the risk occurring.
<table>
<tr><td>Current Likelihood</td><td>5</td><td>Current Impact</td><td>4</td><td>Current Risk Score</td><td>20</td></tr>
<tr><td>Projected Likelihood</td><td>2</td><td>Projected Impact</td><td>2</td><td>Projected Risk Score</td><td>4</td></tr>
</table></td></tr>
</table>

Other Implications (including due regard implications):

<u>Sustainability Implications</u>

There will be positive impacts as a result of implementing these proposals on improvements to utility services and thermal efficiency of A Block as a result of the Priority 1 R&M element of the refurbishment.

Effective maintenance contributes to the realisation of an energy efficient property estate by ensuring the efficient operation of systems and equipment (HVAC, controls, lighting etc.) and by minimising heat loss through the building fabric. Effective maintenance prolongs the useful life of plant and also protects/enhances the value of a building and its equipment.

Points to consider

- Adequate investment can have a positive impact on sustainability as the risk of failure of HVAC and lighting systems and deterioration in the building fabric resulting in heat loss will be minimised if maintenance of plant and building fabric is prioritised and funded properly;
- The Council has made a commitment to lead by example. Maintenance encompasses servicing plant and equipment to maintain optimum efficiency and repairing faults that cause energy wastage. Inadequately funding the repairs and maintenance budget could have a negative impact on the Council meeting its carbon reduction objectives and future legislative requirements.
- Inadequate funding of the repairs and maintenance budget may also result in a negative impact on the Council's energy budget. For example, facilities in which proper HVAC maintenance is completed will use at least 15-20% less energy than those where systems are allowed to deteriorate. In addition, wasted energy could be eliminated, before any investments are made simply by careful maintenance of equipment. Energy costs are likely to increase therefore it is important to ensure optimum efficiency.
- In addition, well maintained buildings have further benefits of increasing the well-being and productivity of building occupants.

<u>Health and Safety Implications</u>

These proposals do not create a greater risk to SCC of Health and Safety implications. All H&S implications will be delivered by the contractor appointed to deliver the fit for purpose accommodation during the works period and appropriate records will be handed back to Facilities Management at the end of the refurbishment period.

By undertaking planned maintenance works, risks to health and safety of employees, tenants and members of the public will be reduced, whereas waiting for components to fail rather

	than addressing them when first identified as requiring attention, will carry a greater risk of injury or ill-health and potential breach of H&S legislation. Compliance with certain legislation such as that related to fire safety is mandatory and will have to be undertaken therefore the implications here are more likely to be financial as improvements to comply with legislation will have to be funded from revenue budget if no capital is agreed. **<u>Privacy Implications</u>** There are no specific community safety implications to manage as a result of these proposals. Personal data of staff collected to enable the decanting of teams will be treated in compliance with appropriate regulations and guidance. **<u>Health and Wellbeing Implications</u>** These proposals are expected to have positive impacts on staff and member health and wellbeing following the conclusion of creating fit for purpose accommodation at County Hall. Proposals to create suitable space/s to promote health and wellbeing will be included in the space design
Scrutiny comments / recommendation (if any):	

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Requests

	2018/19 £
Total Cost of Scheme (a)	6,441,500
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	**6,441,500**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	6,441,500	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme
Proposal Form

Business Growth Fund

Cabinet Member(s):	Cllr D Hall – Cabinet Member for Resources and Economic Development
Division and Local Member(s):	All
Lead Officer:	Paul Hickson/Strategic Commissioning Manager, Economy and Planning
Author:	Paul Hickson/Strategic Commissioning Manager, Economy and Planning
Contact Details:	07977400838; PHickson@somerset.gov.uk

Summary of Proposed Investment:	Capital investment of £400,000 is sought for SCC's Business Growth Fund for 2018/19, with indicative requirements of £400,000 in each subsequent year until 2021/22. This Fund is used to finance capital infrastructure investment that supports the growth, diversification and productivity improvement in Somerset's economy, with a particular focus on investment in workspace for businesses, targeted at areas of Somerset and sectors of the economy where returns are too low or investment too risky for the private sector to invest. The main focus of the fund is SCC's programme of start-up and early growth enterprise centres (comprising high quality workspace available on flexible terms, common services and dedicated business support) in locations across Somerset. Recent completed examples have included schemes in Highbridge enterprise centre phase one (Sedgemoor), Wheddon Cross enterprise centre (West Somerset) and the Somerset Energy Innovation Centre (SEIC) phase one. In addition SCC has a current programme of enterprise centre schemes (Highbridge phase 2, Wells and Wiveliscombe phases 1) which are being financed through a combination of internal capital allocations to the Business Growth Fund and resources leveraged from external sources to the fund. SCC has been very successful at leveraging external investment based on the commitment of our own funds to these schemes – circa £1.7 million of SCC capital investment via the Business Growth Fund has leveraged the remaining funds from Growth Deal and EU sources to enable a £4.3 million programme across the three schemes. Continued investment will enable this programme to be sustained in line with the priorities set out in SCC's County Plan, the outline business case from the "Business Parks" vision volunteer's project and 2017 Economy and Planning Commissioning Intentions Plan. The pipeline includes the completion of the Wells and Wiveliscombe centres, potential future schemes in South Somerset (potential locations

	including Chard/Ilminster and Castle Cary) and adaptation of surplus SCC premises identified via the One Public Estate programme to create “work hubs”.
Reasons for Investment:	The reasons for the recommendation above are as follows: • SCC’s County Plan prioritises economic prosperity as an objective of SCC. Somerset has a high proportion of small businesses and access to flexible workspace and effective business support are barriers to their growth in a number of localities where the private sector is not willing to invest. This investment priority is highlighted in the updated Somerset Growth Plan adopted by SCC in June 2017 • Business Growth Fund investment in workspace by SCC has proven effective in addressing these gaps in market provision in a number of locations in Somerset and further areas needing intervention have been identified in the Economy and Planning Commissioning Intentions Plan • Business Growth Fund investment in workspace will also assist with the adaptation of surplus property with potential for business use identified via the Somerset OPE programme and contribute to the implementation of the outline business case from the “Business Parks” vision volunteers project • investment financed via the Business Growth Fund programme is a sustainable intervention as it provides a long term asset supporting economic growth, which, through operational surpluses, provides a recurring revenue income to resource business support services and, potentially, to contribute to offsetting MTFP revenue pressures. This form of investment will contribute to SCC’s 2020+ financial strategy by generating business rate income growth – this will be maximised by ensuring that there is rolling occupation of centres and the multiplier effects resulting from the growth of businesses directly supported.
Links to Priorities and Impact on Service Plans:	Investment through the Business Growth Fund supports delivery of the following 2016-2020 SCC County Plan focus on developing a thriving Somerset economy and in particular the targets to support small businesses and attract inward investment. The proposals in this report will also contribute to delivery of the ambitions in the outline business case from the vision volunteers “Business Parks” project. By enabling the continuation of SCC’s programme of enterprise centre development, this proposal also assists the delivery of income generation targets approved for the Economy and Planning service via the MTFP process. Operating surpluses generated will enable offsetting revenue base budget reductions for the Economy and Planning service to be achieved.

	The Fund's role in investing in new workspace is also consistent with the priorities of the Somerset Growth Plan endorsed by SCC and partners and will enable the delivery of schemes outlined in the 2016 Economy and Planning Commissioning Intentions Plan. Finally in line with the priorities of SCC's Social Value Policy, this investment proposal will enable the development of skills and employment for vulnerable people (via contractors local workforce commitments) and to supporting local small businesses. Enterprise centres can also become part of the local social infrastructure of individual Somerset communities, hosting events and activities. An example is provided by the use of the Highbridge enterprise centre to host events related to the anniversary of the Somerset and Dorset railway.
Consultations undertaken:	SCC's Asset Strategy Group is consulted and informed on an on-going basis about the planning and implementation of SCC's enterprise centre programme, including proposals for investment via the Business Growth Fund. Individual schemes progressed through the programme are subject to detailed local consultations with Local County Councillors, District and Local Councils and the business community. No Cabinet Member conflicts of interest identified.
Financial Implications:	• This proposal involves an allocation of £400,000 in SCC's capital investment programme in 2018/19 for SCC's Business Growth Fund, with indicative requirements of £400,000 per annum also in later years. • This proposed SCC capital investment will assist SCC to leverage additional capital investment funds from Government and local partner sources towards our on-going programme through of workspace development in areas of market failure in Somerset. The Government's plans for a UK Shared Prosperity Fund will provide a source of funding to continue to leverage funds into this programme in replacement of Structural Funds after the UK's exit from the EU. • SCC's investment in workspace through the Fund will directly result in future revenue streams to SCC via operational surpluses. • It will also increase significantly SCC's local income base through expanding Somerset's business rate income base, thereby contributing to SCC's 2020+ financial strategy. The business model for SCC workspace provision involves the management of space created through an externally commissioned operating partner. This means that all revenue implications and risks are transferred to this operator.
Legal Implications:	No significant legal implications identified concerning this investment proposal. Individual schemes may require legal input during project

	development and delivery – examples may include land acquisition where this is necessary and state aid advice as part of scheme design and business cases for external funding.
HR Implications:	Staffing capacity is required to commission and provide project management to the delivery of SCC's workspace programme. This programme is included in the commissioning intentions plan for Economy and Planning, meaning that it is an identified priority for the allocation of staff time and that there are no additional staff implications of this proposal.
Risk Implications:	The main risks associated with this proposal are: • Failure to secure high levels of economic impact from investments made i.e. workspace not fully occupied, low turnover of businesses limiting growth outcomes from the workspace). This is being mitigated by ensuring that there is strong economic evidence to investment business cases and operationally through managing the effectiveness of SCC's partnership with the operator of our enterprise centres **(Risk score 4)** • Failure to secure sufficient external funding meaning that scale of overall delivery and the leverage value of SCC investment is not maximised. This is mitigated by the knowledge and expertise of the Economy and Planning team in securing external funding. **(Risk score 4)**
Other Implications (including due regard implications):	**Equalities Implications** Impact assessment of this proposal indicates that there are likely positive equalities implications. This is because the scheme will facilitate additional local employment through the growth and development of Somerset small businesses, in areas of the county where the economy is least resilient. It will also enable the creation of new and high value jobs within Somerset, particularly in rural areas and market towns, where access to these opportunities are lower. Fuller assessment of impacts will be established as part of business cases for individual developments financed via the fund. **Sustainability Implications** Impact assessment of this proposal indicates that there are likely positive sustainability implications. This is because the scheme will facilitate the growth and development of Somerset small businesses, particularly in rural and market towns, thus increasing the economic resilience of rural Somerset. It will also enable the creation of new and high value jobs within Somerset, increasing the resilience of Somerset's economy and reducing the need for commuting outside of Somerset for better quality employment. Workspace will developed to high environmental standards – schemes developed by SCC are targeted at "very good" or "excellent" ratings under the BREEAM system.

	Fuller assessment of impacts will be established as part of business cases for individual developments financed via the fund. **Other Implications** There are no identified implications for access, human rights, community safety, health and well-being, freedom of information / data protection issues, privacy or health and safety.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

1.1. The Business Growth Fund is part of SCC's capital investment programme and is used to finance workspace infrastructure investments that support growth, productivity improvement and diversification of Somerset's economy. The Fund has a particular focus on supporting the growth and development of small businesses, and investment is targeted at geographical areas of Somerset where returns are too low or at business sectors where investment too risky for the private sector. SCC's programme of enterprise centres (comprising high quality workspace available on flexible terms and dedicated business support financed by the income streams generated by these facilities) in locations across Somerset. Recent examples have included schemes in Highbridge (Sedgemoor), Wheddon Cross (West Somerset) and SEIC phase 1.

Monitoring of take up provides strong evidence of the need and positive economic impact of these facilities. The Business Growth Fund is managed so that SCC investment typically leverages accompanying investment from other sources including EU, Central Government, LEP and local sources. The early commitment via the Fund of SCC funding contributions to workspace schemes that the authority is promoting has acted as a strong incentive to lever investment from other sources. This is illustrated by the fact that across the three schemes that SCC is progressing to implementation in 2017/18 have a combined cost of circa £4.3 million of which only circa £1.7 million is being financed by the Business Growth Fund.

1.2. SCC's Economy and Planning team manages the Business Growth Fund and deploys this resource to commission a targeted programme of investment in new enterprise centres and improvements to existing centres. This commissioning activity includes a high level of capability in ensuring the leverage of funds from external sources, including Government/LEP capital funds. The Government's plans for a UK Shared Prosperity Fund to support local growth post the UK's departure from the EU will provide a renewed source of external funding to continue this programme in future, building on our success in securing Local Growth Funds via the Growth Deal process for schemes in Highbridge, Wells and Wiveliscombe.

Subject to future allocations to the Business Growth Fund as part of SCC's capital planning process, the future pipeline for SCC's enterprise centres programme outlined in the 2017 Economy and Planning Commissioning Intentions Plan includes final phases of the Wells and Wiveliscombe centres and potential future schemes at locations including Ilminster/Chard and Castle Cary. These schemes would also utilise land assets held or available to SCC. Future allocations to the Fund will also enable investment needs linked to adapting surplus SCC premises identified via the One Public Estate programme to "work hubs" for small businesses.

1.3. The financial annex to this report indicates potential leverage from EU, LEP, Government and other sources. Assets created through investment via the Fund will generate additional revenue income to SCC by the operational surpluses resulting from their rental streams and extending the business rate income base of Somerset.

2. Options considered and reasons for rejecting them

2.1. The alternatives to the approach set out in this report are as follows:

- **Reliance on external sources of public funds to deliver objectives of SCC Business Growth Fund** – this option has been discounted as there is a need for funds to deliver SCC's enterprise centre programme, identified at a strategic level via the Somerset growth plan and at a local level via the evidence of unmet business need in a number of locations in Somerset. This programme cannot be delivered via reliance on external funds as both EU and Growth Deal sources require the commitment of local public funds
- **Reliance on private sector to deliver objectives of SCC Business Growth Fund** – this option has been discounted as there is market failure in a number of locations in Somerset requiring investment packages enabled by SCC's Business Growth Fund
- **Greater level of allocation for Business Growth Fund –** discounted as not considered a realistic option**.**

3. Background Papers

3.1. Economy and Planning Commissioning Intentions Plan 2017

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Requests

	2018/19 £
Total Cost of Scheme (a)	800,000
Revenue Contribution (b)	
Third Party Funding (c)	400,000
Required SCC Resources (a-b-c)	**400,000**

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
LEP/ Central Government	300,000
ERDF	100,000
Others (e.g. District Councils, Private)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	800,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	400,000	0	0	0

2018/19
Capital Investment Programme

FP/17/08/16

Library Service Redesign

Link to Decision
http://democracy.somerset.gov.uk/ieDecisionDetails.aspx?ID=566

2018/19 Capital Investment Programme
Proposal Form

Corporate ICT Investment Programme

Cabinet Member(s):	Cllr Anna Groskop
Division and Local Member(s):	All
Lead Officer:	Sarah Moore, Service Manager ICT Transformation
Author:	Sarah Moore, Service Manager ICT Transformation
Contact Details:	07584407977

Summary of Proposed Investment:	<u>Hardware/Infrastructure Refresh</u> The annual refresh of hardware is an on-going requirement on a rolling basis as devices reach the end of their life cycle. This is particularly relevant with the new ICT strategy which is implementing new technology to staff based on their need and work style. The significant laptop refresh programme has been brought forward to 2017/18 to ensure users receive devices and tools that are fit for purpose to improve productivity as early as possible. Investment in our wide area network (WAN) and Wi-Fi network are also critical to improve performance and stability of these services. This includes our Corporate and Guest Wi-Fi networks. Re-integrating the operational ICT function back into Somerset County Council (SCC) means that SCC inherit the infrastructure that runs all our systems and stores our data. Though the move to a cloud strategy will mean reducing our on-site infrastructure. There is an on-going need for ad-hoc purchases to replace ageing hardware. <u>Transforming the ICT Landscape</u> Somerset County Council is on a Journey to modernise the technology used across the organisation to build in greater resilience and availability of our core systems and data, and provide a platform that enables new ways of working, collaboration with our partners and greater engagement with our customers. Microsoft is working alongside SCC to achieve the ICT vision through defined work packages that provide specific deliverables. Further capital investment is required for the next stages of the transformation as part of the 3 year programme plan to deliver resilience, compliance and productivity benefits for the organisation. The focus of packages in this period will be on threat defence, OpenScape replacement and data analytics.

Digital
As part of the emerging Digital strategy there is an opportunity to move forward with a personalised, single view of the customer across systems, enabling new ways of commissioning services.

As more transactions also become enabled through on-line methods there is a need for a modern fit for purpose web platform. This would save money in the long term by also replacing the need for additional portals and software.

Core System Replacements
Adults Case Management
There is a requirement to replace the Adults case management system as the existing one is being discontinued and heading towards the end of the existing contract.

Libraries
People's Network Hardware – There are currently 246 public access computers due for upgrade across the Library Service. Expected spend £160,000.

Staff PC replacement – currently 182 staff PCs refresh during 2018/19 at a cost of £145,600.

Self Service Kiosks – current contract expires at the end of December 2018. Kiosks installed from 2012-2014 will require replacement as part of a rolling programme from 2018-2020. a capital investment of £250,000 spread over 2 years 2018/19 (£175,000) and 2019/20 (£75,000)

Property Atrium system replacement (£30,000)

Post SWOne Contingency
Though due diligence has taken place, there is high probability that SCC will continue to incur costs post end of contract. This may be due to a number of reasons, such as a lack of subject matter expertise and the requirement to buy in support packages from 3rd party suppliers. Increased cost of contract and licencing renewals and the requirement to procure and implement replacement software that is fit for purpose.

Information Security
There is a statutory need to meet our obligations under Article 25 of the EU-General Data Protection Regulation (2018) for Privacy by design and by default

Capitalisation of Transforming services
In order to continue to modernise the technology used across the organisation and support the existing Core Council Programmes and MTFP targets there is a need to capitalise the project resource working specifically on the delivery of this ICT Transformation, enabling new ways of working. During

	the SWOne contract this was funded directly by business areas and so no budget transferred at the end of the contract. Capitalisation of productivity licence packages that deliver new ways of working. <u>Summary</u> This proposal is therefore for the additional requirements as part of the ICT Capital Programme: • Hardware Refresh – tools to do the job and replace ageing infrastructure and vulnerability • Transforming the ICT estate – Microsoft programme delivery and Digital strategy • Core System replacement – Adults Case Management, Customer Relationship Management, Web Platform, Libraries replacement, Atrium replacement, Health Integration, Web filtering renewal • Post SWO Contingency – Inevitable costs from a returning contract • Statutory EU-GDPR compliance • Capitalisation of Transforming Services – essential funding to continue to modernise technology and enable service re-design benefits
Reasons for Investment:	The main reasons for the investments outlined above are: • To continue the existing transformation of ICT building in resilience, reducing risk and enabling new ways of working • To replace ageing hardware with modern fit for purpose equipment improving resilience and reducing vulnerability • To meet procurement requirements for renewal of software contracts and implement new solutions as part of Core Council Programmes • Provide contingency for expected costs following the exit of the SWO contract • To ensure statutory compliance with the EU-GDPR (2018)
Links to Priorities and Impact on Service Plans:	This investment strategy supports the County and Business Plan as well as a number of key MTFP saving targets and Core Council programmes; • To deliver improved integrated customer service; • To reduce the cost of customer delivery through increased digital services and call demand management. • Deliver in partnership with key partners including District Councils and Health Providers • Reduce asset costs over time • To enable the benefits of the Technology and People Programme (TAP) • To support the objectives of the Adults Transformation agenda • To support the priorities of the Children's Improvement programme

	• To support the objectives of the Sustainability and Transformation Plan (STP) • To support the delivery of the One Public Estate (OPE) programme
Consultations undertaken:	ICT investment and development impacts on the whole organisation and its partners. In pulling together this capital bid discussions have been had across the organisation through the ICT strategy development and approval. Consultation with partners tends to come through the programme boards where partners are involved in achieving shared goals.
Financial Implications:	**Hardware Refresh – tools to do the job and replace ageing infrastructure removing vulnerability** - Device refresh £100,000 - Wifi upgrade £300,000 - ECX replacement - WAN phase 2 £35,000 **Transforming the ICT estate – Microsoft programme delivery and Digital strategy** - Microsoft work packages £650,000 - Web platform £150,000 - Customer Relationship Management system £500,000 **Core System replacement** - Adults Case Management £1,500,000 - Libraries replacement - £480,600 - Health Integration (HSCN) - £50,000 - Web Filtering renewal - £150,000 - Property Atrium system replacement - £30,000 **Post SWO Contingency – Inevitable costs from a returning contract** - £500,000 **Capitalisation of Transforming Services – essential funding to continue to modernise technology** - Transformation resources £600,000 - Productivity E5 licence packages £1,100,000 - Azure cloud and software licencing £650,000 **Total: £6,794,600**
Legal Implications:	Any procurement will take place in consultation with the Corporate Procurement Team so that correct protocol is followed. The Authority has a statutory duty to provide services and continuous access to data and systems is critical in the provision of those services. There is a statutory duty under EU-GDPR Article 25 to provide Privacy by design and by default.
HR Implications:	At this stage there are no specific HR implications to consider as a result of taking this decision.

<table>
<tr><td rowspan="2">Risk Implications:</td><td colspan="6">Failure to invest in ICT presents significant risk to the organisation as hardware and software failures result in loss of productivity or complete service failure, which carry serious risks for our residents.

There is significant additional risk to the ability to deliver high priority programmes and required MTFP and improvement outputs if ICT investment is not continued.

- TAP
- Adults Transformation
- Children’s Improvement
- STP
- OPE</td></tr>
<tr><td>Likelihood</td><td>5</td><td>Impact</td><td>4</td><td>Risk Score</td><td>20</td></tr>
<tr><td>Other Implications (including due regard implications):</td><td colspan="6"><u>Sustainability Implications</u>
• Positive impact on travel choices that do not rely on the car. Through ability for staff and service users to connect remotely to services
• Continues investment in ICT service such as guest wifi support service users and local economy

<u>Privacy Implications</u>
The EU-GDPR, which comes into force in May 2018, places a statutory duty on the Council to ensure privacy is built into all new processes by design and as a default.

Particular emphasis must be placed on ensuring that new technologies, and changes to processes, that involve the use of personal data from customers or employees have privacy as a principle concern

The ICT capital Investment programme proposes several significant changes which must accommodate Article 25 the principle of privacy by default and by design.

The investment must include financial provision for the following:

• Cloud Storage – ensure contracts with cloud suppliers and application providers are robust.
• Threat defence – emphasis on ensuring personal data is secure
• The single view of the customer must not compromise the “need to know” principle
• The new web-platforms must be secure
• The replacement Adult Social Care system must prioritise access controls and the privacy of the clients on the system
• Health Integration must ensure Health and Social Care data is processed and shared securely</td></tr>
<tr><td>Scrutiny comments / recommendation (if any):</td><td colspan="6">Not applicable.</td></tr>
</table>

1. Background

1.1. This is a refresh of the first capital bid submitted since the technology service returned to SCC control after a period of 9 years. At the end of this 9 year period the majority of the ICT hardware and infrastructure estate is due for upgrade and investment. This is being delivered through our Transformation and Refresh programmes in line with the ICT strategy to build additional resilience through a cloud first approach.

It is important to note that the reliance on technology in every aspect of our lives and work has changed considerably over that timescale, as have the opportunities to work in more productive ways. There will always be a need to update and invest in replacement hardware and latest technologies to protect the organisation from threats, provide resilience of services and enable the organisation to work effectively, meeting customer expectation and demand and enable a modern innovative workforce.

The law is changing, the repeal of the Data Protection Act 1998 and the adoption of the EU-General Data Protection Regulation (GDPR) in May 2018 place additional statutory responsibilities in the Council to ensure all new systems and processes are based on privacy by design and by default

Technology investment is a fundamental enabler for the transformation and improvement themes across the organisation focussed on improving the outcomes for the people of Somerset.

2. Options considered and reasons for rejecting them

2.1. Not Applicable

3. Background Papers

3.1. None

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	6,794,600
Revenue Contribution (b)	0
Third Party Funding (c)	0
Required SCC Resources (a-b-c)	6,794,600

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
ERDF	0
LEP	0
Others (e.g. District Councils)	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	4,794,600	2,000,000	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

2018/19 Capital Investment Programme
Proposal Form

Tennyson Extra Care Scheme

Cabinet Member(s): Cllr David Huxtable
Division and Local Member(s): All (if county wide) or name specific councillors & their Divisions
Lead Officer: Steve Veevers, Strategic Commissioning Manager
Author: As above
Contact Details: sveevers@somerset.gov.uk 07977413588

Summary of Proposed Investment:	The Tennyson Court Extra Care and Supported Housing schemes represent an outstanding opportunity to expand the supply of affordable housing and flexible care in the Taunton Dean and surrounding areas, for people with support requirements. It will meet the needs of vulnerable older people who would otherwise have very limited options, mainly residential care. The scheme will also have a positive impact on the local area through the creation of jobs, community resources (open café and dining space, hair dressing studio, meeting spaces); generate cost avoidance and savings opportunities for the local authority and better life outcomes for the residents. The provision of 12 flats for people with a learning disability will provide much needed high quality supported accommodation, meet a need in the borough, generate significant savings and contribute to the direction of travel on learning disability commissioning. Somerset County Council has already approved the capital business case for the recycling of £100,000 from the disposal of a learning disability property into the 12 flats. This business case is for £70,000, to allow necessary changes during the build of the extra care scheme to meet the necessary standards, over and above the provision of general needs housing which is the current situation. The proposal is on a basis of an invest to save, as the provision of a full extra care model, with a 24/7 staffing, will allow people who would have gone to residential care to be diverted and potential moves for people who are inappropriately placed in residential care, both of which will be at lower cost in Extra Care.
Reasons for Investment:	The investment is required for the housing association and developer to make significant changes to the design of the building, primarily around the provision of a suite of rooms for a care provider to be based in the scheme, a commercial kitchen to be able to offer a meal provision within the scheme

	and a fully accessible bathroom for people with complex physical needs. It is estimated that the costs of the above changes will be in excess of £70,000 (the bath and kitchen design is over £50,000 alone) but through negotiation the provider will accept a maximum and fixed threshold for contribution. Without this investment the scheme would be unsuitable for use as a fully integrated extra care scheme and therefore the types of support delivered within it and therefore the people that could make use of it would be correspondingly lower and certainly not a viable alternative to people who may otherwise need to consider residential care.
Links to Priorities and Impact on Service Plans:	This investment would positively impact on the medium term financial planning for adult social care, in reducing the long term impact of numerous high cost residential care placements, where people could be better and more cost effectively supported in an extra care setting. From a national perspective, in "A Vision for Adult Social Care –Capable Communities and active citizens" central government stresses the priorities of Prevention, Personalisation and Partnership and specifically states in paragraph 7.13: "Supported housing and extra care housing offer flexible levels of support in a community setting, and can provide better outcomes at lower costs for people and their carers than traditional high cost nursing and residential care" National Affordable Housing Programme 2011 -15. The HCA prospectus made clear reference to the need for extra-care/supported housing and the support from key partners led to confirmed HCA approval of the schemes. Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society The Strategy focuses on increasing and improving choice and quality for housing and support services for older people. The Strategy highlights the need for accessible, socially inclusive, economically and environmentally sustainable solutions to older persons housing needs. The Taunton Extra Care proposal will allow older people to remain in their own homes, whether owner occupiers or tenants, at a cost they can afford and in a secure environment with access to on site facilities and the opportunity to mix with older people within the development. From a local policy perspective, Somerset County Council is working with the housing authorities to produce a county wide housing "state of the nation", where the importance of suitable housing for older people is put forward as of paramount importance, certainly in the context of Somerset's aging

	population. This strategy will be published late Autumn 2017 and will be supported by a strategy for specialist housing in Somerset, which will also assert the need for a better and wider range within all areas of the county.
Consultations undertaken:	*None*
Financial Implications:	There is a requirement for the council to fund £70,000 of capital investment in the scheme to allow the above changes to occur. The funding will allow a fully integrated extra care model to be put into place and a care provider appointed to deliver in the scheme and have a full presence day and night, responding flexibly to people's needs. This will allow the people to have a choice, other than residential care when their needs increase. The cost avoidance, on average for each person that avoids residential care is between £100 and £174 per week alongside a national data set indicating that people that live in residential care stay well for longer and have a lower long term cost requirement on the local authority. When up scaled across the 56 units of accommodation and a very conservative estimation that only 20% of the people that move in would have gone into residential care, this would still produce a cost avoidance of £78k per annum. It is the view of commissioners that we would want a higher percentage of people who would have considered residential care going into the scheme, so the figure may actually be around the 35% mark once the scheme is fully occupied. From a person centred point of view, this is also much more positive for people, who can retain their independence for longer and have better outcomes in their life, meaning a lower need for health and other statutory services and therefore, lower cost base to the whole health and social care system.
Legal Implications:	*None*
HR Implications:	*None*
Scrutiny comments / recommendation (if any):	Not applicable.

1. **Background**

1.1 The development of Extra Care Housing for Older People has been a national and local priority to expand choice and provide a cost effective alternative to residential care. In response to growing demographic pressures the flexible model of housing and care maximises independence and provides a range of facilities on site.

1.2 Transforming Care and Returning Home are two of the national policy documents among many for people with a learning difficulty that identifies the priority to increase the range of housing and support options available and reduces the reliance on residential care. The strategy reflects the government's Valuing People Now policy to enhance the life opportunities of people with learning disabilities as active citizens.

It is planned to build a separate block of 12 flats for people with learning disabilities on the site to meet identified local need, together with communal areas for tenants and staff facilities.

1.3 Knightstone Housing, a Register Provider (RP) established in Somerset had already identified this site to develop on the edge of Taunton town centre. They are a housing association specialising in the provision of Extra Care Housing and other specialist housing and already manage other schemes within the county.

1.4 The scheme also represents a strategic priority for Taunton Dean Borough Council and its plan for the Town Centre regeneration. TDBC worked with Knightstone in the early conception of this scheme and identified the site, which was a former sheltered housing scheme that was in a poor state. At the time, Somerset County Council officers declined to be part of the planning and development of the scheme as ECH, hence the decision then to progress with it as sheltered housing.

1.6 The coalition government has adopted a radically different approach to the provision of social housing via its funding body, the Homes and Commission Agency (HCA). The provision of public subsidy via grants has been significantly cut and registered providers are expected to meet the funding gap by:

- Charging "affordable rents" which represent 80% of the market rent
- Converting new lettings from social to affordable rents in existing stock
- Disposing of properties via an asset management strategy

Careful consideration has been given to evaluate the viability of this development for tenants and ensure service charges are affordable under changes to Housing Benefit regulations.

1. **Options considered and reasons for rejecting them**

1.1. Although Somerset County Council could choose to not make this investment, and the physical build of the scheme would go ahead, the minor but significant infrastructure changes that would allow this to be a suitable extra care, rather than a sheltered housing scheme.

1.2. All other usual funding streams, for example Homes and Communities Agencies grant, have already been maximised by Knightstone and the developer and the changes that are required are an enhancement to make the scheme suitable for Adult Social Care use. The option for doing nothing would seem illogical in this context of the savings potential and the relatively modest investment required.

Capital Investment Programme 2018/19 Financial Information

Annual Scheme Request

	2018/19 £
Total Cost of Scheme (a)	6,900,000
Revenue Contribution (b)	0
Third Party Funding (c)	6,830,000
Required SCC Resources (a-b-c)	70,000.00

Enter the **full cost** of the proposed scheme in the year it is expected to start, along with details of any potential revenue or third party contributions.
Do not include any capital receipts in the funding options.

Breakdown of Third Party Funding

	2018/19 £
HCA	1,200,000
Other	5,630,000
District Councils	0

Estimated profile of Scheme (when the spend will be incurred)

Total Capital Outlay (a)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	70,000	0	0	0

Total Revenue Contributions (b)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	0	0	0	0

Total Third Party Contributions (c)

	2018/19 £	2019/20 £	2020/21 £	2021/22 £
2018/19	6,830,000	0	0	0

Revenue Implications

	2018/19 £
On Going Savings	-107,842.73
One off Savings	0
On Going Pressure	0
One off Pressure	0

Please enter all savings as a negative.

Somerset County Council

Cabinet
 - 12th February 2018

PAPER C

Treasury Management Strategy Statement 2018-19

Cabinet Member: Mr David Hall – Cabinet Member, Resources
Division and Local Member: All
Lead Officer: Kevin Nacey – Director of Finance & Performance (Section 151 Officer)
Author: Alan Sanford – Principal Investment Officer
Contact Details: alsanford@somerset.gov.uk or (01823) 359585

Report Sign off	**Seen by:**	**Name**	**Date**
	County Solicitor	Honor Clarke	16/01/18
	Monitoring Officer	Julian Gale	16/01/18
	Corporate Finance	Kevin Nacey	16/01/18
	Human Resources	Chris Squire	16/01/18
	Senior Manager	Stephen Morton	09/01/18
	Cabinet Member	Councillor David Hall	16/01/18
Forward Plan Reference:	FP/17/11/01		
Summary:	This report brings together the requirements of the Local Government Act 2003, including the revised guidance applicable since 1 April 2010, the CIPFA Treasury Management in the Public Services Code of Practice Revised 2011 Edition (CIPFA TM Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities: Revised 2011 Edition (CIPFA Prudential Code). The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.		
Recommendations:	The Leader and Cabinet are asked to endorse the following and recommend approval by Council on 28th February 2018: • To adopt the Treasury Management Strategy (as shown in Section 2 of the report). • To approve the Annual Investment Strategy (as shown in Section 3 of the report) and proposed Lending Counterparty Criteria (attached at Appendix B to the report). The Leader and Cabinet are recommended: • To note the Prudential Treasury Indicators at point 4.8. • To note the current Treasury Management Practices (TMPs) attached at Appendix D to the report.		

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

1. Background and Current Position

1.1. The CIPFA TM Code requires that each Local Authority prepare a report outlining the proposed Treasury Management policies, strategy, and activities for the coming financial year. CIPFA consulted on changes to the Treasury Management and Prudential Codes in 2017. The revised Codes were published in late December but the specific guidance notes which include the treasury management indicators for local authorities, have yet to be published. The Council's treasury advisor has recommended authorities draft and obtain Full Council approval for the 2018-19 treasury management strategy under the 2011 CIPFA Codes.

1.2. The Local Government Act 2003 (LGA 2003) requires that an Annual Investment Strategy Statement be submitted, outlining the proposed investment strategy. This can be combined with the Treasury Management Statement, but must state explicitly where it is dealing with the guidance by the Secretary of State. CLG Guidance is also expected to be revised and updated in the near future, but again, as per our Advisors' advice, this strategy will act in accordance with the current Guidance and wait for the revised Guidance before taking any action. If the CIPFA Code and Guidance, and CLG Guidance necessitate immediate changes to the Strategies, new ones will be presented to Full Council at the earliest opportunity.

1.3. Under Section 3 of the LGA 2003 (duty to determine affordable borrowing limit), a Local Authority must have regard to the CIPFA Prudential Code. This code requires the setting of a number of Prudential Indicators, benchmarks within which, Treasury and Investment Management, and Capital Financing are managed.

1.4. The setting of Prudential Indicators for Treasury Management requires Authorities to recognise key implications of their borrowing and investment strategies. These relate to the affordability of overall borrowing limits and the risk of exposure to interest rate changes; the maturity structure of borrowing; and longer-term investments.

1.5. In formulating the Treasury Management and Annual Investment Strategies, and the setting of Prudential Indicators, Somerset County Council (SCC) adopts the Treasury Management Framework and Policy recommended by CIPFA. These can be found in Appendix A.

1.6. The current TMPs are attached for information as Appendix D to this report, and set out the main categories of risk that may impact on the achievement of Treasury Management objectives. No treasury management activity is without risk. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its treasury management activities will be measured. The main risks to the Council's treasury activities are:-

- Credit and Counterparty Risk (security of investments)
- Liquidity Risk (inadequate cash resources)
- Market or Interest Rate Risk (fluctuations in price / interest rate levels)
- Refinancing Risk (impact of debt maturing in future years)
- Legal & Regulatory Risk

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

1.7. SCC has a projected cash income of approximately £770m for 2018-19. As at 27th December 2017 the external long-term debt portfolio of SCC stood at just over £329m. The investment portfolio at the same time stood at just over £243m.

1.8. Investment interest is an important source of income for SCC. Nearly £2.1m was earned in 2016-17. Interest will be reduced for the year 2017-18 due to smaller balances and reduced rates, and 2018-19 is expected to be another year of low yields. With the uncertainty of Brexit negotiations, base rate is expected to remain low, and a cut in the future cannot be entirely ruled out. With inflation expected to remain above 2%, investment returns in real-terms are likely to be negative.

1.9. These factors represent significant cash flow, and debt and investment portfolio management for the Council's Officers. The major external influence on the Council's treasury management strategy for 2018-19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy remains relatively robust since the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. In the current financial and economic environment, and taking into account potential influencing factors (an economic forecast is given at Appendix C), it is imperative that the Council has strategies and policies in place to manage flows and balances effectively. The strategies and policies herein state the objectives of Treasury Management for the year, and set out the framework to mitigate the risks to successfully achieve those objectives.

2. Treasury Management Strategy

2.1. Long-Term Borrowing
SCC currently has £329.55m of borrowing. This consists of £113m of LOBOs, £57.5m of Barclays Ex-LOBOs (see 2.5 below) and £159.05m of PWLB loans, at a combined rate of 4.66%.

2.2. The Council's need to borrow for capital purposes is determined by the Capital Investment Programme. Specific projects have been identified for 2018-19 totalling £120m. Much of this will be funded using a combination of grant, capital receipts, and contributions. Although timings of capital expenditure may not be totally predictable, it is envisaged that borrowing of up to £40m may be necessary.

2.3. The differential between investment earnings and debt costs remains negative and this is expected to continue during 2018-19 and beyond. The cost of carry associated with long term borrowing compared to temporary investment returns, as well as the added counterparty risk by having more funds to invest, means that a passive borrowing strategy, borrowing funds as they are required would be most appropriate. The benefits of this strategy will be monitored and weighed against the risk of shorter-term rates rising more quickly than expected.

2.4. Shorter-dated gilt yields, and therefore shorter-dated PWLB rates, are forecast to be lower than medium and long-dated gilt yields during the financial year (An economic and interest rate forecast can be found at Appendix C). It is envisaged that any new borrowing, should it be taken, will be in these shorter periods, as this is also compatible with the current maturity profile. Yields for these maturities are expected to remain lowest as the continued recovery necessitates lower interest rates for longer. Variable rate loans currently mitigate the cost of carry. Shorter-dated Equal Instalment of Principal (EIP) loans are cheaper than loans paid on maturity and are repaid systematically in equal instalments over their life. Both will be actively considered, as will shorter dated loans from other Local Authorities.

2.5. SCC has £113m of loans that are active LOBO loans, of which £88m will have an option during 2018-19. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan at which point the Borrower can accept the revised terms or reject them and repay the loan without penalty. LOBO loans present a potential refinancing risk to the Council since the decision to call a LOBO is entirely at the lender's discretion. In June 2016, Barclays Bank announced that they had waived all their rights to the options on the LOBO loans that they made. This included the £57.5m held by SCC. These loans are now effectively long-term fixed loans.

SCC will continue with the current policy not to accept any option to pay a higher rate of interest on its' LOBO loans, and will exercise its own option to repay the loan should a lender exercise an option. SCC may utilise cash resources for repayment or may consider replacing any loan(s) by borrowing from the PWLB or other Local Authorities. Depending on prevailing rates and the amount to be repaid, new loans might be taken over a number of maturities. If rates were comparatively high at the time, variable rate loans may be taken until rates became lower. The 'Maturity Structure of Borrowing' indicators have been set to allow for this contingency strategy.

2.6. The introduction of a repayment rate by the PWLB significantly reduced the opportunities for borrowers to prematurely repay or reschedule PWLB loans without paying a premium. The premium payable (or discount gained) is derived from the yield of the Gilt (Government Bond) corresponding to the maturity of the PWLB loan. Gilt yields, ergo premia, are constantly moving, sometimes aggressively, in response to many economic and political factors. They may at times offer windows of opportunity to repay or reschedule debt at comparatively advantageous levels of premium. To highlight volatility, in December 2009 the entire portfolio had a £13.8m premium and 1 loan in discount. In November 2012 it was a premium of £49.7m and no loans in discount. As at 15th August 2016, due to the effects of the Brexit vote, overall premia stood at £129.6m. By 12th December 2017 this had reduced to £97m.

Officers continually monitor repayment rates and calculate premiums to identify opportunities to repay or reschedule PWLB loans. These are reported and discussed by SCC Officers at monthly Treasury Meetings.

2.7. When making any premature repayment or rescheduling decisions, the overriding objective is that it would be carried out in line with the CIPFA TM Code, i.e. that performance measurement should consider risk as well as return (borrowing rate). Priority would be given to risk management, and then the pursuit of minimising rate. Premature repayment / rescheduling will consider: -

- Cost (premium) v benefit (revenue savings) analysis to assess which loan(s) to repay
- Repayment / rescheduling of loans of a stated maturity to improve overall maturity profile and thereby reduce refinancing risk.
- Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.

2.8. Any rescheduling activity will be undertaken within the Council's treasury management policy and strategy. The Council's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by Arlingclose or SCC Officers and discussed with Senior Management. Any decision to prematurely repay or reschedule will first be approved by the Section 151 Officer (Director of Finance & Performance).

2.9. All rescheduling activity will comply with the requirements of the Capital Finance and Accounting Regulations (SI 2007 No 573 as amended by SI 2008/414).

2.10. Short-Term Borrowing
SCC has not needed to obtain short-term funds from the money market to date during 2017-18. This has been due mainly to the use of Call Accounts and Money Market Funds (MMFs), which offer better security and liquidity (instant access in most cases), with the added benefit of better rates than for many short-term deposits of up to 3-months. It is intended to continuously and incrementally improve cash flow performance, to minimise bank and temporary loan interest.

2.11. The use of Call Accounts and MMFs will continue where advantageous to rates and/or cash flow; However, many counterparties have reduced their call facility rates further during 2017-18 and with possible changes towards more short-term deposits, it may be appropriate and necessary to borrow short-term to cover cash flow fluctuations. Where this is deemed advantageous, short-term funds will be obtained from the money market using the services of a panel of money market brokers.

3. Annual Investment Strategy

3.1. Introduction
The Office of the Deputy Prime Minister, (now Communities and Local Government) issued guidance on Local Government Investments under section 15(1) of the LGA 2003 (Revised 2011). The overriding aim of the guidance is to encourage authorities to invest prudently, without burdening them with detailed prescriptive regulation. The guidance defines a prudent investment policy as having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). It goes on… "Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest yield consistent with those priorities".

3.2. The guidance makes it clear that this need not be a once-a-year event, but that the initial strategy may be replaced by a revised strategy, at any time during the year, on one or more occasions, subject to Full Council approval. Officers will from time to time appraise the Investment Strategy, including counterparty criteria, to ensure that it continues to be fit for purpose, and if necessary, to realign it with evolving market conditions and expectations for future interest rates.

3.3. Under the guidance there are two types of investment, 'Specified' and 'Non-Specified'. Specified investments are those that offer high security and high liquidity, are made in Sterling, and with a maturity of no more than one year. Investments with the UK Government, other Local Authorities, or bodies with 'high credit quality' will count as specified investments (unless greater than 1-year). Non-Specified investments are all other investments that fall outside of this description, and must be dealt with in more detail than those classified as Specified.

3.4. A requirement of the revised guidance was that the strategy should report on procedures for ensuring that treasury management staff has the right kind of training in investment management. Current SCC treasury management practitioners hold investment, as well as accounting qualifications. In addition to the normal SCC Performance Review and Development process, training needs are both identified and addressed whilst undertaking Continuous Professional Development by these on-going means:-

- Attendance at CIPFA Treasury Management Network meetings, and at the Annual CIPFA Treasury Management Conference.
- Regular seminars and updates via our treasury advisors, Arlingclose Ltd.
- Semi-Annual seminars organised by treasury management software provider specifically for Local Authority users.
- Ad hoc seminars arranged by market participants, including banks and credit rating agencies.
- Daily contact with brokers and investment houses, and a plethora of market information from the press, and many other sources.

3.5. Investment Strategy
The County Council's investments can be divided into two areas. Money that is lent to help smooth anticipated monthly cash flow movements, and funds which have been identified as not being immediately required (core balances), which are generally invested as part of the 'Comfund'. Total balances for 2017-18 to the end of November have ranged between £219m to £287m, averaging £258m to the 30th November 2017.

3.6. The Council uses cash flow software to help identify surplus cash, and to determine periods for which funds may prudently be committed. The Council's cash flow investments are then made with reference to the outlook for the UK Bank Rate and money market rates. Short-term deposits will continue to be made with suitable counterparties, where this is deemed beneficial. However, it is likely under current market conditions that Call Accounts and MMFs will predominantly be used.

3.7. The strategy for investment of funds identified as not immediately needed has historically been to utilise the Comfund. Comfund is a diversified portfolio of rolling cash deposits, and other approved investment instruments, with maturities on a monthly basis to provide adequate liquidity. The majority of this fund, which at 31st December 2017 stood at £200m, constitutes SCC reserves and core balances.

Given the increasing risk and falling returns from short-term unsecured bank investments, it was deemed appropriate to diversify into the higher yielding CCLA Property Fund during 2017-18. A £10m investment was made, and this will continue to be held for at least the medium-term.

3.8 The Section 151 Officer (Director of Finance & Performance) under delegated powers will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. He in turn delegates responsibility for implementing policy to Treasury Management Officers. Details of deposits and investments taken by Officers are reported to the monthly treasury management review meeting.

3.9 Under current market conditions SCC will continue to use the following investments: -

- Business Reserve Accounts and term deposits.
- Deposits with other Local Authorities.
- AAA-rated Money Market Funds *
- The Debt Management Office (DMO)
- Variable Net Asset Value (VNAV) Money Market Funds.
- Gilts and Treasury Bills.
- Certificates of Deposit with Banks and Building Societies
- Commercial Paper

* Following EU reform to the operation and management of Money Market Funds which will be implemented during 2018-19, all non-government MMFs will have to convert from Constant Net Asset Value (CNAV) to LVNAV (Low Volatility Net Asset Value) or VNAV. Many are expected to choose to convert to LVNAV. LVNAV funds will have to operate within tighter requirements (e.g. tolerance of the fund's NAV deviating from £1 narrows from 99.5p to 99.8p; higher liquidity requirements). For the Council, the important aspect is that the net asset value of LVNAV funds is likely to remain at £1, as is currently the case for CNAV funds, and only change in exceptional market conditions.

3.10 Due to the implementation of the UK Banking Reform Act 2014 and the broadly similar European Union Bank Recovery and Resolution Directive, and the perceived lack of government support for, and potential bail-in risk at banks and building societies, it would seem prudent to continue to allow for greater diversification of investment instruments and counterparties. The list of further potential investment activities below was included last year, and they will continue to be monitored and assessed as alternatives to mitigate bail-in risk and falling, potentially negative returns.

- Use of any public or private sector organisation that meets the creditworthiness criteria rather than just banks and building societies.
- Building Societies – Including unrated Societies with better creditworthiness than their credit rated peers.
- Corporate Bonds – Can offer access to high credit rated counterparties, such as utility, supermarket, and infrastructure companies.
- Covered Bonds and Reverse Repurchase Agreements (Repos) present an opportunity to invest short-term with banks on a secured basis and hence be exempt from bail-in
- Pooled Funds. These funds allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. Their values change with market prices, so will be considered for longer investment periods. It would be the Council's intention to be invested in Longer-dated Bond Funds or Equity Funds for at least 3 years, and for Property Funds for 5 years plus.

3.11 As is current procedure, the use of a new instrument or counterparty would be proposed in conjunction with the Council's Treasury Advisors, Arlingclose and specifically authorised by the Section 151 Officer (Director of Finance & Performance).

3.12 'Non-Specified' investments proposed for 2018-19, will be: -

- Deposits, Certificates of Deposit, Gilts, and other marketable instruments over 364 days and up to 5 years. Total investments over 364 days will not exceed £100m as per Prudential Indicators.
- Use of the Council's current bankers, Nat West for short-term liquidity requirements and business continuity arrangements, even though their rating may be below the minimum credit rating.
- VNAV/Pooled Funds held for longer than 364 days. The merits of individual VNAV and other pooled funds will be discussed with Fund Managers and Treasury Advisors to ensure their philosophy and risk parameters are aligned with those of SCC. These funds have no defined maturity date, but are available for withdrawal after a notice period. The fact that their market value changes (and may at times go below the original investment) means that they need to be viewed as a longer-term investment. VNAV Funds will be considered on an individual basis, taking into account the risk/reward characteristics including volatility, expected income return and potential for capital growth. Any VNAV Fund is to be approved by the Director of Finance & Performance prior to use, and the Section 151 Officer will determine the level of prudent investment, with reference to the level of core balances and reserves, and the potential volatility of any proposed investment. No more than £30m of total deposits outstanding are to be held in VNAV Funds (excluding LVNAV MMFs).
- Unrated Building Societies. Many unrated Building Societies are of equal or better creditworthiness than their credit rated peers. Consideration will be given to Societies recommended by our Advisors after analysis of suitable creditworthiness indicators (Funding and Capital ratios, % of non-performing loans).

3.13 The possible benefits of investing in long-dated Gilts, short-dated Treasury Bills, Supranational Bonds, Commercial Paper, and Corporate Bonds will continue to be assessed and used if appropriate, subject to the limits above and in the counterparty criteria at Appendix B.

As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities will be treated as retail clients by investment counterparties, but can "opt up" to professional client status, providing that they meet certain criteria which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies must assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved. The Council has met the conditions to opt up to professional status with a range of counterparties. By so doing, the Council will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

3.14 Counterparties for Lending
As has always been the case, and in full compliance with Government guidance, a restricted list of counterparties is maintained. SCC only places deposits with banks that are authorised by the Prudential Regulation Authority (PRA) to accept deposits, or is a passported EEA institution, which is entitled to accept deposits in the UK, or is a UK Building Society. For other marketable instruments (other than VNAV pooled funds, many of which are not credit rated), only organisations or issues that meet the credit rating criteria will be considered. SCC has constructed and will maintain a counterparty list based on the criteria set out in Appendix B. The minimum credit quality is proposed to be set at A- or equivalent. The credit standing of institutions (and issues if used) will be monitored and updated on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength as outlined below.

3.15 SCC will continuously monitor counterparties. All three credit rating agencies' websites will be visited frequently, and all ratings of proposed counterparties will be subject to verification on the day of investment. All ratings of currently used counterparties will be reported to the monthly treasury management meeting, where proposals for any new counterparties will be discussed. New counterparties must be approved by the Section 151 Officer (Director of Finance & Performance) before they are used. Any changes to ratings that put the counterparty below the minimum acceptable credit quality whilst we hold a deposit or we hold a marketable instrument will be brought to the attention of the Section 151 Officer (Director of Finance & Performance) immediately, and an appropriate response decided on a case-by-case basis. Sovereign credit ratings will be monitored and acted on as for financial institution ratings.

3.16 Besides the UK, the sovereign states whose banks and other organisations are to be considered are Australia, Canada, Denmark, Finland, France, Germany, Netherlands, Singapore, Sweden, Switzerland and the USA.

Maximum investment levels with counterparties, by country, and by type of investment are included in the criteria to ensure prudent diversification is achieved.

3.17 SCC will continue to use a range of indicators to assess counterparties, not just credit ratings. Other indicators to be taken into account will be:

- Credit Default Swaps and Government Bond Spreads.
- GDP and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions, i.e. bail-in.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
- Underlying securities or collateral for 'covered instruments'.
- Other macroeconomic factors

Such indicators of creditworthiness are considered in relative rather than absolute terms, and this is how short-term ratings are also considered.

It remains the Council's policy to suspend or remove institutions that still meet criteria, but where any of the factors above give rise to concern.

Also, when it is deemed prudent, the duration of deposits placed is shortened or lengthened, depending on counterparty specific metrics, or general investment factors.

3.18 A requirement of revised guidance is that the strategy should report on the use of treasury advisors, and how the quality of that service is controlled. Arlingclose Ltd, are treasury advisors to SCC, and from an investments viewpoint provide ongoing independent analysis and advice on market and investment conditions, and the suitability of counterparties. They inform of any changes to counterparty creditworthiness, and update advice accordingly.

3.19 SCC recognises, as per CIPFA guidance, that, "the overall responsibility for treasury management must always remain with the Council". SCC has always performed its own analysis of market and investment conditions, and the suitability of counterparties. It continues to do so through embedded practices, thereby maintaining the skills of the in-house team to ensure that the services provided by the advisors can be challenged, and that undue reliance is not placed on them.

3.20 The revised CIPFA TM code requires that the Council must explicitly state whether it plans to use derivative instruments to manage risks.

Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require Full Council approval.

4. Prudential Indicators

4.1. The first Prudential Indicator in respect of treasury management is that the Council has adopted the CIPFA TM Code. It has done so, documented in the Financial Regulations, Part 2, C15, May 2015 Edition. The Council adopts the content and the spirit of the Revised Edition 2011.

4.2. The Council is required to set an ***authorised limit*** for total external debt, gross of investments, separately identifying borrowing from other long-term liabilities. The Council is also required to set an operational limit separately identifying borrowing from other long-term liabilities. This prudential indicator is referred to as the ***operational boundary***, and is based on the Council's estimate of the most likely, i.e. prudent, but not worst-case scenario. They are both set for the forthcoming, and the following two years.

4.3. Both the authorised limit and the operational boundary are consistent with the Council's plans for capital expenditure and financing; and with the treasury management strategy statement.

4.4. All current long-term borrowing is at fixed rates, but 'borrowing' cash from Exmoor National Park Authority and other smaller external Comfund investors is counted as variable, as the rate paid depends on other rates. In reality this is not a risk, as the cash is lent on at rates no worse than the rate paid to these bodies. However, the ***limits on fixed / variable rate exposure indicators*** have been set to take account of the movements in these balances. The possibility of rescheduling some borrowing into variable rates has also been factored in to give suitable flexibility should LOBO loan options be exercised. For the purpose of calculations, all investments with a maturity of less than 1 year are treated as variable rate whether they are fixed deposits or linked to a benchmark rate.

4.5. The Council has set for the forthcoming year, both the upper and lower limits with respect to the maturity structure of its borrowing. These indicators are referred to as the ***upper*** and ***lower limits*** respectively ***for the maturity structure of its fixed rate borrowing***. The calculation is the amount of projected borrowing that is fixed rate maturing in each period, expressed as a percentage of the total projected borrowing that is fixed rate. The periods to be used going forward therefore, are: -

Under 12 months
>12 months and within 24 months
>24 months and within 5 years
>5 years and within 10 years
>10 years and within 20 years
>20 years and within 30 years
>30 years and within 40 years
>40 years and within 50 years
>50 years

4.6. The 2011 Revised CIPFA Code guidance for the 'maturity structure' indicator has been revised to specifically state that the maturity of LOBO loans should be treated as if their next option date is the maturity date. The 'maturity structure of borrowing' indicators have been set with regard to this change, and having given due consideration to proposed new borrowing, current interest rate expectations, and the possibility of rescheduling or prematurely repaying loans outlined in the borrowing strategy.

4.7. The next treasury management prudential indicator is referred to as the ***total principal sum invested for a period longer than 364 days***. The purpose of this indicator is to help the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested. In the current climate it is also an indicator of investments at risk due to changes in counterparty's changing circumstances. Whilst the proposed investment strategy would point to a minimal prudential indicator for investments over 364 days, practice is that once an investment is over 364 days (and therefore 'Non-Specified'), it remains that until maturity. This means that if investment conditions were to improve during the year, SCC might well invest the majority of the Comfund on a rolling one-year basis. Furthermore, should the Council wish to diversify into pooled funds, it would be the Council's intention to be invested in these for periods of 3-5 years plus. Therefore, a prudential indicator of £100m is deemed necessary.

4.8. In order that preceding Treasury and Investment Management Strategies are carried out, the following Prudential Indicators have been proposed to Council in another paper:

	2018/19 £m	**2019/20 £m**	**2020/21 £m**
Authorised limit			
Borrowing	437	437	437
Other Long-Term Liabilities	54	53	52
Total	491	490	489
Operational boundary			
Borrowing	403	403	403
Other Long-Term Liabilities	54	53	52
Total	457	456	455
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	30%	30%	30%

Maturity structure of borrowing

	Upper Limit	Lower Limit
Under 12 months	45%	15%
>12 months and within 24 months	20%	0%
>24 months and within 5 years	20%	0%
>5 years and within 10 years	20%	5%
>10 years and within 20 years	20%	5%
>20 years and within 30 years	20%	0%
>30 years and within 40 years	45%	15%
>40 years and within 50 years	15%	0%
>50 years	5%	0%

	2018/19 £m	**2019/20 £m**	**2020/21 £m**
Prudential Limit for principal sums invested for periods longer than 364 days	100	50	50

4.9. CIPFA introduced a new indicator in 2013-14, *'Gross debt and the Capital Financing Requirement'.* The objective of the indicator is to ensure that borrowing only takes place for capital purposes over the medium to long-term. Where the gross debt is greater than the CFR, the reasons should be clearly stated in the Treasury Management Strategy. SCC had an excess of £33.1m at the start of the 2017-18 financial year. This built up over the previous few years as capital expenditure had been funded via Government grants and capital receipts and the level of debt maturing has been less than the level of Minimum Revenue Provision (MRP).

This position is likely to be reversed during the current year due to two factors. There has been a change to the methodology of calculating the MRP resulting in the level of annual MRP being reduced, and an increase in the level of capital bids being supported requiring an additional £40m of debt to support the 2018-19 programme.

4.10. The 2011 Revision suggested that Authorities may wish to create an indicator that considers ***Credit Risk***. At this stage there has been no guidance on how this is to be measured or reported.

The Council considers security, liquidity and yield, in that order, when making investment decisions. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk. The only indicators with prescriptive values are credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms. Counterparty Creditworthiness criteria and other indicators are stated in Appendix B.

5. Reporting Arrangements

5.1. Monthly meetings between officers will continue to take place to report performance, discuss current issues, and agree future activities and specific actions as necessary.

5.2. The Director of Finance & Performance will report to the Council on its treasury activities in the form of an Annual Treasury Management Report, and on an interim basis as required. As required by the revised CIPFA TM Code, a mid-year review of Treasury Management activity and performance will also be prepared for Full Council.

5.3. Appropriate analysis of the outstanding debt position as required by the Prudential Code will be included in the Annual Statement of Accounts.

5.4. Icelandic Investments Update

Landsbanki & Glitnir – As reported in the Treasury Management Outturn Report 2015-16, SCC has concluded any interest that it had with these two banks.

Kaupthing, Singer & Friedlander – The estimated range for total dividends was increased at the lower end, and is now at 86p-86.5p in the pound. Future dividends will be paid subject to consultation with the Creditors' Committee, and when the level of distributable funds makes it cost effective to do so.

In total, as at 31st December 2017 £23,215,519.30 had been recovered. The shortfall of £1.78m from the original £25m of investments was written off back in 2008-09.

6. Member Training

6.1. CIPFA's revised TM Code states that – "All public service organisations should be aware of the growing complexity of treasury management in general, and its application to the public services in particular. Modern treasury management demands appropriate skills…..".

It goes on, "Public service organisations have a responsibility to ensure that those charged with governance have access to the skills and knowledge they require to carry out this role effectively. The organisation should ensure that this also applies to treasury management".

It further states, "Those charged with governance also have a personal responsibility to ensure that they have the appropriate skills and training for their role".

6.2. All SCC Members receive introductory training, which includes an overview of the treasury management function.

SCC Officers would be able and willing to provide a more detailed level of training, if Councillors thought that there would be no conflict of interest.

Through contacts with the CIPFA Treasury Management Forum and it's independent Treasury Advisors, SCC could also facilitate training via an independent third party. SCC Officers also have contacts within a number of money market brokers and fund managers who could provide training.

As and when needed, information sheets could be prepared and made available to help keep members abreast of current developments.

7. Consultations undertaken

7.1. None.

8. Implications

8.1. The financial implications have been taken into account when producing the Council Budget for 2018-2019, the Medium Term Financial Plan, and the 5-year Capital Strategy.

8.2. The Treasury Management and Annual Investment Strategy Statements must be approved prior to the financial year to which they relate.

9. Background papers

9.1. Local Government Act 2003 – Guidance under section 15(1)(a). The CLG Guidance has been revised and updated, with changes effective from 1 April 2010.
The CIPFA 'Treasury Management in the Public Services' Code of Practice Revised Edition 2011.
CIPFA Prudential Code for Capital Finance in Local Authorities: Revised Edition 2011.

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

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Treasury Management Policy Statement

Introduction and Background

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the code), as described in Section 5 of the Code

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management: -

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.

- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council (i.e. Full Council Members) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Director of Finance & Performance as Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Policies and Objectives of Treasury Management Activities

2.1 The Council defines its treasury management activities as: -

> *"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important, but are secondary considerations.

SCC Lending Counterparty Criteria 2018-19 Appendix B

The following criteria will be used to manage counterparty risks to Somerset County Council Investments for new deposits / investments from the time that the new Treasury Management Strategy Statement, (which includes the Annual Investment Strategy) is passed by Full Council at its meeting in February 2018: -

Where deposits held were made under previous criteria, there will be no compulsion to terminate those deposits to meet new criteria, where a penalty would be incurred.

Deposits - Any Financial Institution that is authorised by the Prudential Regulation Authority to accept deposits, or is a passported EEA institution, which is entitled to accept deposits in the UK, or is a UK Building Society can be lent to, subject to the rating criteria below at the time of the deposit.

Unrated Building Societies
Unrated Building Societies as identified by Treasury Advisors can be used, with a maximum of £1m per Society and a maximum maturity of 1 year.

Marketable Instruments – Any bank, other organisation, or security whose credit ratings satisfy the criteria below: -

Rating of Counterparty or Security
Deposits or instruments of less than 13 months duration (Refer to long-term ratings)
Fitch A- or above
S&P A- or above
Moody's A3 or above

The maximum deposit / investment amount for any authorised counterparty or security that has as a minimum at least two ratings of the three above will be £20m (approximately 7.7% of average investments during 2017-18 (to November 30th).

The maximum deposit / investment amount for any authorised counterparty or security that has as a minimum - Fitch AA-, S&P AA-, and Moody's Aa3, will be £25m (approximately 9.7% of average investments 2017-18 (to November 30th).

Deposits or instruments of more than 13 months duration (Refer to long-term ratings)
Fitch AA- or above
S&P AA- or above
Moody's Aa3 or above

The maximum deposit / investment amount for more than 13 months for any authorised counterparty or security that has as a minimum at least two ratings of the three above will be £10m. This figure is to be included in the overall figure above.

The allowed deposit amounts above are the single maximum per counterparty at any one time, and that counterparty or security must be rated as above or better by at least two of the three agencies. Short-term ratings will be monitored and considered in relative rather than absolute terms.

It remains the Council's policy to suspend or remove institutions that still meet criteria, but where any of the other factors below give rise to concern. Also, when it is deemed prudent, the duration of deposits placed is shortened or lengthened, depending on counterparty specific metrics, or general investment factors.
Where deposits held were made under previous criteria, there will be no compulsion to terminate those deposits to meet new criteria, where a penalty would be incurred.

Operational Bank Accounts
As the Council's current bankers, Nat West fall below the minimum criteria, the instant access Call Account facility may still be used for short-term liquidity requirements and business continuity arrangements. This will generally be for smaller balances where it is not viable to send to other counterparties or in the event of unexpected receipts after the daily investment process is complete. Money will be placed in the instant access Nat West call account overnight.

Public Sector Bodies
Any UK Local Authority or Public Body will have a limit of £15m and a maximum maturity of 5 years.

The UK Government, including Gilts, T-Bills, and the Debt Management Office (DMADF) will be unlimited in amount and duration.

The table below gives a definition and approximate comparison of various ratings by the three main agencies: -

Definitions of Rating Agency Ratings

	Fitch		Moody's		S&P	
Short-Term	F1+	Exceptionally strong	P-1	Superior	A-1+	Extremely strong
	F1	Highest quality			A-1	Strong
	F2	Good quality	P-2	Strong	A-2	Satisfactory
	F3	Fair quality	P-3	Acceptable	A-3	Adequate
	B	Speculative	NP	Questionable	B and below	Significant speculative characteristics
	C	High default risk				
	(+) or (-)		(1,2, or 3)		(+) or (-)	
Long-Term	AAA	Highest quality	Aaa	Exceptional	AAA	Extremely strong
	AA	V High quality	Aa	Excellent	AA	Very strong
	A	High quality	A	Good	A	Strong
	BBB	Good quality	Baa	Adequate	BBB	Adequate capacity
	BB	Speculative	Ba	Questionable	BB and below	Significant speculative characteristics
	B	Highly Speculative	B	Poor		
	CCC	High default risk	Caa	Extremely poor		

Financial Groups
For Financial Groups (where two or more separate counterparties are owned by the same eventual parent company) investments can be split between entities, but an overall limit equal to the highest rated constituent counterparty within the group will be used.

Country Limits
Excluding the UK, there will be a limit of (approximately) 10% of total investments in any one country. For 2018-19, this will be £30m, 10% of maximum balance for 2017-18 to December (£287m), rounded up to the nearest £5m, a typical investment principal sum.

Money Market Funds
Until such time as proposed regulatory changes come into effect, Constant Net Asset Value (CNAV) Money Market Funds (and LVNAV funds when changes are effected) must be rated by at least two of the main three ratings agency, and must have the following, (or equivalent LVNAV) ratings.

Fitch AAAmmf	Moody's Aaa-mf	Standard & Poor's AAAm

Subject to the above, deposits can be made with the following limits: -
The lower of £15m or 0.5% of the total value for individual Funds.
No more than 50% of total deposits outstanding are to be held in CNAV (LVNAV) MMFs.

VNAV Pooled Funds
Currently, not all Variable Net Asset Value (VNAV) Funds carry a rating. Many VNAV bond funds are not rated. Equity, multi-asset and property funds are also not credit rated. The decision to invest in a particular asset class or fund will be based on the evaluation of the risk/reward characteristics including volatility, expected income return and potential for capital growth.

No more than £30m of total deposits outstanding are to be held in VNAV Funds (excluding LVNAV MMFs).

Other Indicators
As had previously been the case with SCC, and is now a requirement of the revised CLG guidance, the Authority will use a range of indicators, not just credit ratings. Among other indicators to be taken into account will be: -

- Credit Default Swaps and Government Bond Spreads.
- GDP, and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions, i.e. bail-in.
- Share Price.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
- Underlying securities or collateral for 'covered instruments'.
- Other macroeconomic factors

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Appendix C

Arlingclose Economic & Interest Rate Forecast

The table below highlights the forecast for key benchmark rates

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Official Bank Rate										
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.15
3-month LIBID rate										
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25
1-yr LIBID rate										
Upside risk	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	**0.70**	**0.70**	**0.70**	**0.70**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**	**0.80**
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
5-yr gilt yield										
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	**0.75**	**0.75**	**0.80**	**0.80**	**0.80**	**0.85**	**0.90**	**0.90**	**0.95**	**0.95**
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40
10-yr gilt yield										
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.30**	**1.30**	**1.35**	**1.40**	**1.45**
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40
20-yr gilt yield										
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	**1.85**	**1.85**	**1.85**	**1.85**	**1.85**	**1.90**	**1.90**	**1.95**	**1.95**	**2.00**
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50
50-yr gilt yield										
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**	**1.75**	**1.80**	**1.85**	**1.90**	**1.95**
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50

Underlying assumptions

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and consumer confidence.

- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.

- Household consumption growth, the driver of UK GDP growth, has softened following a contraction in real wages, despite both savings rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit, and any actiontaken will further dampen household spending.

- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient.

- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.

- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.

- Geo-political risks remain elevated and help to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short-term interest rates are subdued. On-going decisions remain data dependent and negotiations on exiting the EU cast a shadow over monetary policy decisions.

- Arlingclose central case for Bank Rate is 0.50% over the medium term. The risks to the forecast are broadly balanced on both sides.

- The Arlingclose central case is for gilt yields and therefore long-term interest rates to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

Appendix D

SOMERSET COUNTY COUNCIL

TREASURY MANAGEMENT PRACTICES

Version 5: May 2016

Approved by Section 151 Officer

…………………………… Date…………………

Approved by Deputy Section 151 Officer

…………………………… Date…………………

Introduction

The overriding legislation governing Treasury Management in Local Authorities is the Local Government Act 2003. Statutory Instrument 3146, the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, states that: -

> *"In carrying out its functions under Chapter 1 of Part 1, a local authority shall have regard to the code of practice contained in the document entitled "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" published by CIPFA, as amended or reissued from time to time".*

Furthermore, the Act states that: -

> *"In complying with their duties under section 3(1) and (2) (duty to determine affordable borrowing limit), a local authority and the Mayor of London shall have regard to the code of practice entitled the "Prudential Code for Capital Finance in Local Authorities" published by CIPFA, as amended or reissued from time to time".*

This code requires the setting of a number of Prudential Indicators, benchmarks within which, Treasury and Investment Management, and Capital Financing are managed. The first Prudential Indicator in respect of treasury management is that the Council has adopted the CIPFA TM Code.

The Office of the Deputy Prime Minister, (now Communities and Local Government) issued guidance on Local Government Investments under section 15(1) of the LGA 2003. Revised guidance is effective from 1st April 2010. The overriding aim of the guidance is to encourage authorities to invest prudently, without burdening them with detailed prescriptive regulation.

The guidance defines a prudent investment policy as having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). The generation of investment income is distinct from these prudential objectives and is accordingly not a matter for the guidance. However, that does not mean that authorities are recommended to ignore such potential revenues. Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest yield consistent with those priorities. This widely recognised investment policy is sometimes more informally and memorably expressed as follows: -

***S**ecurity - **L**iquidity -**Y**ield ...in that order!*

This serves to demonstrate the link from legislation through to regulation and the importance of the CIPFA Codes. The Council adopts the content and the spirit of the Prudential and TM codes.

In formulating the annual Treasury Management and Annual Investment Strategies, and the setting of Prudential Indicators, SCC adopts the Treasury Management Framework and Policy recommended by the CIPFA TM Code. These are outlined overleaf: -

Treasury Management Policy Statement

Introduction and Background

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the code), as described in Section 5 of the Code

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management: -

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.

- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council (i.e. full Council Members) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Director of Finance & Performance as Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Policies and Objectives of Treasury Management Activities

2.1 The Council defines its treasury management activities as: -

> "The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important, but are secondary considerations.

CIPFA recommends that an organisations treasury management practices include those of the following that are relevant to its treasury management powers and the scope of its' treasury management activities:

TMP1 Risk Management

TMP2 Performance measurement

TMP3 Decision-making and analysis

TMP4 Approved instruments, methods and techniques

TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP6 Reporting requirements and management information arrangements

TMP7 Budgeting, accounting and audit arrangements

TMP8 Cash and cash flow management

TMP9 Money laundering

TMP10 Training and qualifications

TMP11 Use of external service providers

TMP12 Corporate governance

Each of the twelve Treasury Management Practices is set out on the following pages, and fuller notes are provided in Schedules A to M, where it is felt that more detailed information would be helpful, or to explain how each of the Practices is managed.

Whilst it is envisaged that the Treasury Management Practices will not change unless CIPFA's guidance were to be amended, the notes in the Schedules will be subject to regular review and amended where necessary in line with new regulation, guidance, market developments, or any other factors which may from time to time affect the operations of the treasury management function. Any suggested amendments will be brought to a monthly treasury management meeting, and will be ratified by the Director of Finance & Performance (Section 151 Officer)

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

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SCHEDULES TO THE TREASURY MANAGEMENT PRACTICES

TMP1 RISK MANAGEMENT

General statement

The responsible officer, currently the Director of Finance & Performance (Section 151 Officer), will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 *Reporting requirements and management information arrangements*.

In respect of each of the following risks, the arrangements, which seek to ensure compliance with these objectives, are set out in the appendix to this document.

[1] Credit and counterparty risk management

SCC regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 *Approved instruments methods and techniques* and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

[2] Liquidity risk management

SCC will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

SCC will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

[3] Interest rate risk management

SCC will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 *Reporting requirements and management information arrangements*.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

[4] Exchange rate risk management

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] Refinancing risk management

SCC will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

[6] Legal and regulatory risk management

SCC will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 [1] C*redit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

SCC recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

[7] Fraud, error and corruption, and contingency management

SCC will ensure that it has identified the circumstances, which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

[8] Market risk management

SCC will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2 Performance measurement

SCC is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TMP3 Decision-making and analysis

SCC will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP4 Approved instruments, methods and techniques

SCC will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 *Risk management.*

Where SCC intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. SCC will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements.

SCC considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when SCC intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 *Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfill all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management.*

TMP6 Reporting requirements and management information arrangements

SCC will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:
SCC (i.e. Full Council) will receive: -

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the SCC treasury management policy statement and TMPs.

The Senior Management Team will receive regular (monthly) monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such as audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector specific guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.

TMP7 Budgeting, accounting and audit arrangements

The responsible officer will prepare, and SCC will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Performance measurement,* and TMP4 *Approved instruments, methods and techniques.* The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 *Reporting requirements and management information arrangements.*

SCC will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of SCC will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 [2] *Liquidity risk management.*

The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP9 Money laundering

SCC is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this, are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

TMP10 Training and qualifications

SCC recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The present arrangements are detailed in the schedule to this document.

TMP11 Use of external service providers

SCC recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies.

Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

TMP12 Corporate governance

SCC is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

SCC has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

1.1 Credit and counterparty risk management

Credit and counter-party risk is the risk of failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially one due to deterioration in its creditworthiness, which causes the Council an unexpected burden on its capital or revenue resources.

As a holder of public funds, the Council recognises its responsibility to the prudent management of public funds, and follows relevant Government guidance. The Office of the Deputy Prime Minister, (now Communities and Local Government) issued guidance on Local Government Investments under section 15(1) of the LGA 2003. This has been revised and revisions are effective from 1st April 2010. The overriding aim of the guidance is to encourage authorities to invest prudently, without burdening them with detailed prescriptive regulation.

The guidance defines a prudent investment policy as having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). The generation of investment income is distinct from these prudential objectives and is accordingly not a matter for the guidance. However, that does not mean that authorities are recommended to ignore such potential revenues. Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest yield consistent with those priorities. This widely-recognised investment policy is sometimes more informally and memorably expressed as follows:

Security - Liquidity -Yield ...in that order!

Consequently, SCC will seek to optimise returns commensurate with the management of the associated risks.

1.1.1 Criteria to be used for creating and managing an approved counterparty list and limits

The Director of Finance & Performance (Section 151 Officer) will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct criteria comprising time, type, sector and specific counterparty limits. Members will approve criteria at least annually, as part of the AIS/TMSS.

Credit ratings remain a key source of information, but it is important to recognise that they do have limitations. Credit ratings are only used as a starting point when considering credit risk.

Officers will use credit rating criteria in order to assist selection of creditworthy counterparties for placing investments with. Credit ratings will be used as sourced from all of the following credit rating agencies: -

Fitch Ratings
Moody's
Standard & Poor's

The Council will use ratings and information from all three ratings agencies where available (some institutions are only rated by one agency, some by two, some by all three), as part of its counterparty criteria.

SCC will remain vigilant to changes in ratings, with reference to information available on the website of the three rating agencies and other sources. All ratings for any proposed counterparty will be verified on the day, before any investment is made. The only exception to this will be when an additional deposit of less than £5m is made to an existing call, or money market fund account.

If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. Changes to ratings of current and most often used counterparties are also highlighted at the monthly TM meeting. Any changes to ratings that put the counterparty below the rating criteria whilst they hold a deposit will be brought to the attention of the Director of Finance & Performance (Section 151 Officer) immediately, with an appropriate response decided on a case-by-case basis.

If any counterparty is placed on Rating Watch Negative, further deposits will be suspended until the reasons have been established. Further action will depend on the current rating and possible re-rating. This will be closely monitored with an appropriate response decided on a case-by-case basis.

Sovereign credit ratings will be monitored and acted on as for financial institution ratings.

Current counterparty criteria can be found in the AIS within the Treasury Management Strategy Statement (TMSS) that is agreed by Full Council each year.

1.1.2 Approved methodology for changing limits and adding/removing counterparties

All ratings of currently approved counterparties are reported at the monthly TM meeting. Proposals for any new counterparties will be discussed and agreed at this meeting. Email confirmation, or a letter to the counterparty will be obtained from the Director of Finance & Performance (Section 151 Officer), and the decision recorded in the minutes of the meeting. Limits are approved annually as part of the AIS and any revision to these would require Full Council approval.

1.1.3 List of approved counterparties and date of formal approval

In order to ensure that the approved counterparty list is at all times up to date, a separate schedule will be kept (Schedule N). As soon as a change is authorised by the Director of Finance & Performance (Section 151 Officer), this will be updated.

1.1.4 Country, sector, and group listings and limits

These form part of the AIS that is approved by Full Council each year.

1.1.5 Use of credit rating agencies' services

SCC is a registered user of all three stated rating agency websites. It does not subscribe to the detailed research element, but has free access to all ratings, and notification of ratings changes.

1.1.6 Use of other sources of information for risk assessment

To supplement information from ratings agencies, relevant information from various publications is continuously garnered and assessed to help build a bigger picture, to help identify generic and specific counterparty risk.

As had previously been the case with SCC, and is now a requirement of the revised CLG guidance, SCC will use a range of indicators to assess counterparties, not just credit ratings. Among other indicators to be taken into account will be:-

- Credit Default Swaps and Government Bond Spreads.
- GDP, and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Government Guarantees and Support, including ability to support.
- Share Price of listed institutions.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.

Supplementary information is sourced daily by reference to the quality press, Internet sources, Bloomberg terminals, and emails from broking and investment houses. There is also regular ongoing contact with a panel of money market brokers, money market fund managers, and other investment industry specialists.

1.2 Liquidity risk management

Liquidity risk is the risk that cash will not be available when it is required. This can jeopardise the ability of SCC to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Director of Finance & Performance (Section 151 Officer) will therefore have sufficient standby facilities to ensure that there is always sufficient liquidity to deal with unexpected occurrences. He will also seek to ensure that SCC cash flow forecasting gives as accurate a picture as possible of the movement and timing of income and expenditure and the resulting residual daily cash balances.

1.2.1 Amounts of approved minimum cash balances and short-term investments

The Treasury Management section shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day. Borrowing, calling on Call A/c or Money Market Fund balances, or lending shall be arranged in order to achieve this aim.

1.2.2 The County Council has the following facilities available: -

- Standby facilities – SCC operates a number of call accounts, each with differing features in relation to minimum balances to be maintained, number of permitted withdrawals during certain periods, and rates paid. SCC will retain balances within these accounts only when it is more advantageous than placing them on short-term deposits.

- Bank overdraft arrangements - An overdraft at 1.75% over base rate has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the Council's accounts, and is agreed annually via a formal document signed by the Director of Finance & Performance (Section 151 Officer).

- Short-term borrowing facilities - The Council can access temporary loans through approved brokers on the London money market.

- Insurance/guarantee facilities - There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.

1.2.3 Policy on borrowing in advance of need

The overriding objective for all approved borrowing is that it will be carried out in line with the CIPFA TM Code, i.e. that performance measurement should consider risk as well as return (borrowing rate). Priority will be given to risk management, and then the pursuit of minimising rate. There are many circumstances that may force borrowing at rates higher than the lowest achievable rate, but may be directly attributable to good risk management or differing risk tolerances. These may include:-

- Taking loans of a stated maturity regardless of rate to ensure the desired maturity profile and thereby reduce refinancing risk.
- Taking Lender's Options Borrower's Option (LOBO) loans with greater regard to the structure rather than the cheapest rate where optionality exposes the Authority to refinancing, liquidity, and interest rate risk.
- Taking LOBO loans that dovetail with existing LOBO optionality.
- It may not be policy to borrow in advance of need even though it may be generally accepted that rates will go higher in the near future.
- It may be prudent to wait until capital expenditure has been incurred before loans are taken, even though rates may increase in the interim.

Actual borrowing undertaken and the timing will depend on timing of income and capital expenditure, interest rate forecasts, and market conditions during any given year. This may include borrowing in advance if after suitable risk analysis (including evaluating the cost of carry), market conditions and interest rates are deemed advantageous at that time. The short-term investment of these monies, until they are needed, will follow the same rigorous policies and criteria as the rest of the Council's investment balances.

1.3 Interest rate risk management

1.3.1 Interest Rate Monitoring

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in the income contained in the annual estimates. The Director of Finance & Performance (Section 151 Officer) will seek to minimise this risk by continuously monitoring interest rates, and particularly the economic indicators that influence their movement. As well as daily contact with a number of brokers, the opinions of expert analysts are sourced through various market publications.

The direction and timing of potential interest movements and their implications for SCC are discussed at the monthly TM meeting. A 'house view' is then taken, and recorded in the minutes.

1.3.2 Interest Rate Strategy

Appropriate strategy, limits and trigger points are set in light of interest rate expectations, and are incorporated into the Treasury Management and Annual Investment Strategy Statements (together with the Prudential Indicators, they form the body of the Treasury Management Strategy Statement or TMSS). Strategy, limits and trigger points will be monitored during the relevant year to identify whether modifications are required in light of actual movements in interest rates.

The annual Prudential Indicators via theTMSS will set out details of the following: -

- Approved interest rate exposure limits
- Upper limit for fixed interest rate exposure and
- Upper limit for variable interest rate exposure

1.3.3 Trigger points for borrowing/investments

Trigger points and other guidelines for taking advantage of changes to interest rate levels are discussed at the TM monthly meeting and decisions are recorded in the minutes.

Officers will review the Treasury Management Strategy Statement during the year to see whether any modifications are required in the light of actual movements in interest rates.

1.3.4 Policies concerning the use of instruments for interest rate management

- Forward dealing - Consideration will be given to dealing from forward periods dependant upon market conditions. When forward dealing is more than three months forward, the approval of the Director of Finance & Performance (Section 151 Officer) is required or in his absence, the Deputy Section 151 Officer (Strategic Manager-Finance Technical).

- Structured Investments - The Council may use Callable deposits, Snowballs, Escalators, Range Trades, or other such structured investments as it deems prudent, as part of its overall investment portfolio strategy. The limits for their use in any given year will be set out in the Annual Investment Strategy (AIS).

- LOBOs (borrowing under lender's option/borrower's option) - Use of LOBOs will be considered as part of the annual borrowing strategy. Specific approval of the Director of Finance & Performance (Section 151 Officer) is required (or in his absence, the Strategic Manager-Finance Technical).

An explanation of a LOBO loan, and the various structured investments mentioned can be found at schedule M.

1.3.5 Policy concerning the use of derivatives for interest rate risk management

Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require Full Council approval.

1.4 Exchange rate risk management

Exchange rate risk is the risk that unexpected changes in exchange rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council has a minimal exposure to exchange rate risk as it has no powers to enter into loans or investments in foreign currency for treasury management purposes. It will also seek to minimise what risk it does have by using the policies below.

1.4.1 Approved criteria for managing changes in exchange rate levels

As a result of the nature of the Council's business, the Council may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling.

SCC maintains a Euro account with its current bankers. This allows income to be received without incurring exchange costs for each transaction. A number of one-off, and recurring monthly payments are also made from the account. A relatively small balance is maintained, for which interest is now received.

The Council will consider the use of a hedging strategy to control and add certainty to the sterling value of any transactions, if values are judged by the Director of Finance & Performance (Section 151 Officer) to be significant.

1.4.2 Policy concerning the use of derivatives for exchange rate risk management

Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require full Council approval.

1.5 Refinancing risk management

Refinancing risk is the risk that when loans or other forms of capital financing mature, that they cannot be refinanced where necessary on terms that reflect the assumptions made in formulating revenue and capital budgets. These budgets have therefore been set at a level after considering as many factors and rate forecasts as possible and this risk has thus been reduced to a level that is perceived as acceptable.

1.5.1 Debt/other capital financing, maturity profiling, policies and practices

The Council will establish through its Prudential Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

- The generation of cash savings at minimum risk
- To reduce the average interest rate
- To amend the maturity profile and /or the balance of volatility of the debt portfolio.

1.5.2 Projected Capital Investment Requirements

The Director of Finance & Performance (Section 151 Officer) will prepare a three-year plan for capital expenditure for the Council. This is approved by members. The capital plan will be used to prepare a three-year revenue budget for all forms of financing charges.

Under the new capital financing system, the definition of capital expenditure and long term liabilities used in the Code will follow recommended accounting practice.

1.5.3 Policy concerning limits on affordability and revenue consequences of Capital Financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on Council tax. It will also take into account affordability in the longer term beyond this three-year period.

The Council will use the definitions provided in the Prudential Code for borrowing (83), capital expenditure (84), debt (86), financing costs (87), investments (88), net borrowing (89), net revenue stream (90), other long term liabilities (91).

1.6 Legal and regulatory risk management

Legal and regulatory risk is the risk that either the Council, or a third party which it is dealing with in its treasury management activities, acts outside of its legal powers or regulatory requirements and as a result the Council incurs loss.

1.6.1 References to relevant Statutes and Regulations

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council. The major relevant documents currently are:

- Local Government Act 2003
- CIPFA Prudential Code for Capital Finance in Local Authorities: Revised Edition 2011
- CIPFA Treasury Management in the Public Services Codes of Practice and Cross-Sectoral Guidance Notes: Revised Edition 2011
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- Guidance on Investments ODPM November 2009, effective from 1/04/2010
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- CIPFA Standard of Professional Practice on Treasury Management 1995
- LAAP Bulletin 55 CIPFA's Guidance on Local Authority Reserves and Balances
- The Non Investment Products Code (NIPS) - (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.
- Financial Conduct Authority's Code of Market Conduct (MAR1)
- PWLB annual circular on Lending Policy
- The Council's Standing Orders relating to Contracts
- The Council's Financial Regulations
- The Council's Scheme of Delegated Functions

1.6.2 Procedures for evidencing the Council's powers/authority to counterparties

The Council's powers to borrow and invest are contained in legislation as follows:

Investing: Local Government Act 2003, section 12
Borrowing: Local Government Act 2003, section 1

SCC will bring this to the attention of interested counterparties as necessary.
Evidence of the SCC scheme of delegation, and the individual officers authorised to deal on behalf of the Council is sent to new counterparties.

1.6.3 Required information from counterparties concerning their powers / authorities

Lending will only be made to counterparties who fulfill the prevailing counterparty criteria.

When lending directly to a new counterparty, a list of permitted contacts is requested, along with Standard Settlement Instructions (SSIs) and bank details on headed paper.

When lending via a broker we rely on the broker to provide bank details and payment instructions.

1.6.4 Statement on the Council's political risks and management of same

The Director of Finance & Performance (Section 151 Officer) shall take appropriate action with the Council, the Chief Executive, and the Leader of the Council to respond to and manage appropriately political risks such as change of majority group, leadership in the Council, change of Government etc.

1.6.5 Responsibility for ensuring legality of Treasury Management function

The Monitoring Officer is the Strategic Manager - Governance and Risk. The duty of this officer is to ensure that the treasury management activities of the Council are lawful.

The Chief Financial Officer (Section 151 Officer) is the Director of Finance & Performance; the duty of this officer is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if he has concerns as to the financial prudence of its actions or its expected financial position.

1.7 Fraud, error and corruption, and contingency risk management

Fraud, error and corruption risk is the risk that the Council may fail to employ adequate systems, procedures and other arrangements that identify and prevent losses through such occurrences.

1.7.1 Fraud, Corruption, and Anti-Money Laundering Policies and Practices

The Council has a fraud and corruption, and an anti-money laundering policy in place. All members of the Investments team are familiar with the policies, which are posted on the SCC Internet site.

The Council is committed to the use of procedures and practices that will reduce the risk of the above, and will therefore: -

- Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal procedures that minimise such risks.
- Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

1.7.2 Details of systems and procedures to be followed, including internet services

Authority

1) The Scheme of Delegation to Officers sets out the delegation of duties to officers.
2) All loans and investments are negotiated by the Principal Investment Officer, or in his absence, the Funds and Investments Manager, the Senior Investment Officer or Deputy Senior Investment Officer (the dealer).
3) Cash movements and justification for Loan(s) are verified by one of a panel of checkers, with resulting CHAPS, BACS, International payments and Inter-Account Transfers being authorised by a designated senior finance officer, via Nat West proprietary on-line systems, using passwords and CHIP & PIN technology.

Procedures

A fully documented procedures guide is kept for reference. This provides a very brief and simplified outline of the key stages for daily Treasury Management.

1) Overall daily balances are determined from downloaded bank information. ENPA and SWRB balances are separately identified and transfers to or from the main SCC bank account are affected to bring balances back to zero.
2) Payments or receipts of loans or loan interest are identified via the Treasury Management database.
3) Other payments / receipts are identified from the cash flow element of the TM database and other sources.
4) Excess cash will be invested according to security of investment, liquidity needs and prevailing market rates. Shortfalls will be covered by money in call accounts or short-term borrowing.

Investment and borrowing transactions

1) A detailed register of all loans and investments is maintained in the TM database. This is updated immediately after loans have been agreed. Accuracy of this is verified by the daily checking process.
2) Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the dealer for resolution. This acts as a second verification for accuracy of the database.
3) A broker note showing details of the loan arranged confirms all transactions placed through brokers. Any discrepancies are immediately reported to the broker, for resolution.

Regularity and security

1) Lending is only made to institutions that fulfill the relevant counterparty criteria.
2) The TM database prompts the dealer that money borrowed or lent is due to be repaid.
3) All loans raised and repayments made go directly to and from the bank account of approved counterparties.
4) Counterparty limits are set for every institution that the Council invests with.
5) Brokers have a list of SCC counterparty criteria and named officials authorised to agree deals.
6) Counterparties with whom SCC deals directly have a list of officials authorised to agree deals.

7) There is a separation of duties in the section between dealers and the checking and authorisation of all deals.
8) No member of the treasury management team is an authorised signatory for payments made from any SCC account.
9) Payments are verified by one of a panel of checkers. Payments entered onto the Nat West proprietary system can only be authorised by nominated senior officers.
10) The Nat West Bankline system can only be accessed by password, and authorisation can only be achieved by using CHIP & PIN technology.

Checks

1) One of a panel of checkers verifies that all daily cash movements are accurate, complete, and duly authorised.
2) Entries to the loans database are checked for accuracy and completeness. Reports are presented showing loans outstanding and current balances with counterparties, highlighting the loans made that day, and their effect on balances held with counterparties.
3) Where investments are made, current ratings of counterparties are attached to loan documentation, giving the checker and ultimately the authoriser, opportunity to verify the counterparty creditworthiness.
4) Entries onto the Nat West system are checked for accuracy and completeness, giving an opportunity for challenge of details.
5) Bank reports are monitored and retained, showing the progressive status of payments. Any variances are immediately investigated and resolved.
6) A reconciliation of payments and receipts is carried out daily from the bank statement to the TM database, and periodically to the financial ledger.
7) Interest, both paid and received is periodically reconciled to bank statements and the financial ledger.

Calculations

1) The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the TM database.

Use of Internet Services

1) The Internet is used for a variety of functions performed during the course of treasury management. The application and the security of SCC instructions and data are paramount. To this effect, all proposed new systems are discussed and risk-assessed in conjunction with the Internal Audit team at SCC, prior to their use.

1.7.3 Emergency and Contingency Planning arrangements

Disaster Recovery Arrangements

All computer files are backed up on the dedicated Investments team server. All systems input are filed separately until a back up of data is taken each night. Having a dedicated server enables files to be accessed from remote sites.

In the event of massive systems failure, SCC has arrangements to go to various partner sites. Treasury Management canl be coordinated from the offices of Nat West, which offer access to systems, information, and personnel, or from home via VPN.

Pension Fund operations can also be coordinated from the offices of TDBC, or Taunton Library. The use of services via the Internet will facilitate these arrangements.

Should travelling to County Hall or other identified sites not be possible, best efforts would be made using home computers and web-based applications, along with mobile communications.

Easy access to hard copies of essential documents and contact details is maintained, to facilitate in an emergency.

1.7.4 Insurance cover details

The Council has 'Fidelity' insurance cover. This covers the loss of cash by fraud or dishonesty of employees.

The Council also has a 'Professional Indemnity' insurance policy, which covers loss to third parties from the actions and advice of its Officers, which are negligent and without due care. This cover is limited to £20m for any one event with an excess of £10,000 for any one event.

The Council also has a 'Business Interruption' cover as part of its property insurance.

1.8 Market value of investments risk management

Market risk is the risk of fluctuations in the principal value of the Council's investments.

1.8.1 Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (Gilts, CDS, etc.)

Gilts, Commercial Paper, CD's and Money Market Funds (MMFs) are among the products that SCC may use, that pose market risk.

For MMFs a maximum percentage is set in the counterparty criteria, as part of the annual AIS. For other tradable instruments, it is always the intention to hold to maturity. It is recognised that it may be prudent to sell and crystalise a loss, and in such circumstances approval would be obtained from the Director of Finance & Performance (Section 151 Officer)

2.1.1 Evaluation and review of Treasury Management decisions

The Director of Finance & Performance (Section 151 Officer) has a number of approaches to evaluating treasury management decisions: -

- Monthly reviews carried out by the treasury management team
- Annual meetings with, and quarterly reports by Treasury Management advisors
- Annual and mid-year review as reported to Council
- Comparative reviews via CIPFA Benchmarking Club

2.1.2 Periodic reviews during the financial year

The Director of Finance & Performance (Section 151 Officer) and Strategic Manager – Finance Technical hold a treasury management review meeting with senior members of the investments team on a monthly basis, to review actual activity against the Treasury Management Strategy Statement and cash flow forecasts. This will include: -

- Evaluation of borrowing activity during the period under review
- Total debt including average rate and maturity profile
- Total investments including average rate and maturity profile
- Changes to the above from the previous review and against the TMSS
- Counterparty exposure
- Exposures relative to Prudential Indicators
- Future interest rates and strategy are discussed

2.1.3 Mid-year review

A Mid-year Review is submitted to Full Council, which reviews all activities involving the treasury management operation for the first six months of the year. This report contains the following: -

- Total debt and investments at the beginning of the year and at mid-year
- Borrowing activity for the 6-month period compared to strategy
- Investment activity for the 6-month period compared to strategy
- Explanations for variance between original strategies and activities
- Debt rescheduling undertaken in the period
- Actual borrowing and investment rates available through the period
- Comparison of return on investments to the investment benchmark
- Compliance with Prudential Indicators
- Other

2.1.4 Annual Review after the end of the financial year

An Annual Treasury Outturn Report is submitted to Full Council each year after the close of the financial year, which reviews all activities involving the treasury management operation. This report contains the following: -

- Total debt and investments at the beginning and close of the financial year and average interest rates

- Borrowing activity for the year compared to strategy
- Investment activity for the year compared to strategy
- Explanations for variance between original strategies and activities
- Debt rescheduling done in the year
- Actual borrowing and investment rates available through the year
- Comparison of return on investments to the investment benchmark
- Compliance with Prudential Indicators
- Other

2.1.5 Comparative reviews

When data becomes available, comparative reviews are undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential Indicators are locally set). Data used canl be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club –Quarterly reports
- Treasury Advisors

When comparing outcomes, it is most important to find out why any variance from other Local Authorities is occurring, and to understand the relative risks of the portfolios. In drawing any conclusions the Council will consider that the risk characteristics of other treasury management operations may differ from those of the Council's. Factors to consider are: -

- Use of different counterparties, by type and name
- Differing views on, and suitability of duration, at a portfolio and counterparty level
- Levels of cash to be invested
- Different advice of Treasury Advisors
- Availability and suitability of various instruments

2.2 Benchmarks and calculation methodology with regard to risk and return

2.2.1 Debt management

The overriding objective for approved borrowing is that it will be carried out in line with the CIPFA TM Code, i.e. that performance measurement should consider risk as well as return (borrowing rate). Priority will be given to risk management, and then the pursuit of minimising rate. There are many circumstances that may force borrowing at rates higher than the lowest achievable rate, but may be directly attributable to good risk management or differing risk tolerances. These may include:-

- Taking loans of a stated maturity regardless of rate to ensure the desired maturity profile and thereby reduce refinancing risk.
- Taking Lender's Options Borrower's Option (LOBO) loans with greater regard to the structure rather than the cheapest rate where optionality exposes the Authority to refinancing, liquidity, and interest rate risk.
- Taking LOBO loans that dovetail with existing LOBO optionality.
- It may not be policy to borrow in advance of need even though it may be generally accepted that rates will go higher in the near future.

- It may be prudent to wait until capital expenditure has been incurred before loans are taken, even though rates may increase in the interim.

There are simple performance benchmarking measures available, i.e. debt rate achieved in relation to average PWLB rates for the year, for any given maturity and type of loan. However, it is suggested that each loan be looked at individually to develop an appreciation of the factors influencing performance, with a view to improving the future processes of treasury decision-making.

CIPFA produces detailed reports of our performance compared with other authorities. Whilst these headline figures can be a useful guide in assessing performance, they should not be seen in isolation. It is important to also assess performance against the stated objectives and specific needs of SCC during the year, and to take a wider view in relation to timeframes and overall risk management. There are many factors that affect treasury performance that are not apparent from the CIPFA reports.

It will be highlighted that each authority will have different needs during any given year. For example, a large capital requirement in a year when borrowing rates are high can have an enormous adverse affect on the overall portfolio performance for years to come. Conversely, a high rate loan that drops out of a small portfolio can make performance look extremely impressive in a year when no activity was undertaken.

The CIPFA reports look at one year in isolation. LOBOs can be taken and reported with a reduced rate initially, but with a big increase after an initial period that is not apparent in the reporting period.

The above caveats aside, these reports can offer insight into specific areas of debt and can be used to challenge and inform prevailing strategy and tactics.

2.2.2 Investment

The overriding aim of SCC is in line with CLG guidance, i.e. to invest prudently. The guidance defines a prudent investment policy as having two objectives: achieving first of all security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed). It goes on… “Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest yield consistent with those priorities”.

Ordinarily the Council would aim to achieve a performance benchmark such as 0.5% above 7-day Libid over a rolling 3-year period. However it would be prudent for the Council to suspend return-driven performance targets until such time that financial markets return to more normal operations..

The performance of investment returns is measured against the Local Authority universe, and a selected peer-group of nineteen similar Councils via the CIPFA Benchmarking Club.

Similar to the debt portfolio, these headline figures can be a useful guide in assessing performance, but should not be seen in isolation. It is important to take a wider view in relation to timeframes and overall risk management.

There may be different priorities to satisfy revenue or capital requirements. If revenue interest is the priority in a low interest rate environment, the need for extra yield may influence investment decisions.

Overall policy and risk appetite will differ, as will the techniques and tools used to achieve objectives, and as part of risk management.

2.3 Policy concerning best value in Treasury Management

2.3.1 Banking services

The Council's current banking arrangements are for a five-year contract starting in April 2015. Pricing is to be reviewed every three years, to ensure that tariffs, and volume of transactions used for tariffs continue to be value for money and appropriate respectively.

2.3.2 Money-broking services

In addition to direct dealing with counterparts, use is made of money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them.

An approved list of brokers will be established which takes account of both prices (if borrowing is required) and quality of services.

2.3.3 Consultants'/advisers' services

Arlingclose Ltd, have been treasury advisors to SCC since 2009. They provide ongoing independent analysis and advice on market and investment conditions, and the suitability of counterparties among other services. The full schedule of services they provide can be found at 11.1.3.

SCC recognises, as per CIPFA guidance, that, "the overall responsibility for treasury management must always remain with the Council". SCC has always performed its own analysis of market and investment conditions, and the suitability of counterparties. It continues to do so through embedded practices, thereby maintaining the skills of the in-house team. This ensures that services provided by advisors can be challenged, and that undue reliance is not placed on them.

2.3.4 Policy on External Managers (Other than relating to Pension Fund)

The Council's policy at present is to not use External Managers. This position is reviewed on a regular basis.

The delegation of investment management, if appointed, to external managers will entail the following: -

- Formal contractual documentation;
- Agreement on terms for early termination of the contract;
- Setting of investment instruments, constraints/parameters/conditions
- Setting of investment counterparty limits;
- Setting a performance measurement benchmark and a performance target;
- Frequency of performance reporting;

- Frequency of meetings with investment managers;

The activities of any appointed external manager will be regularly reviewed by the Director of Finance & Performance (Section 151 Officer) and reported appropriately.

3.1 Funding, borrowing, lending, and new instruments / techniques

3.1.1 Records to be kept

The Treasury section has a dedicated database system (Logotech), in which all investment and loan transactions are recorded. The following records will be retained: -

- Daily cash balance forecasts
- Rates available on the day, from two brokers (to support investment decision)
- Copy of dealing sheet highlighting rates quoted from direct counterparties, and that sufficient headroom is available for proposed investment
- Confirmation of counterparty ratings
- Deal ticket for all money market transactions
- List of outstanding investments and counterparty limits
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing / lending institutions
- Other documentation as required to support the decision, i.e. PWLB rates if LOBO taken, Libor rates for range trades.

3.1.2 Processes to be pursued

- Ongoing review of economic factors, and analysis of their impact re opportunities and threats to the debt and investment portfolios
- Cash flow forecasting and analysis
- Debt and investment maturity analysis
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure
- Performance information (e.g. monitoring of actual against budget for debt charges and interest earned).

3.1.3 Issues to be addressed

3.1.3.1 In respect of every treasury management decision made the Council will: -

- Above all be clear about the nature and extent of the risks to which the Council may become exposed
- Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
- Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive

3.1.3.2 In respect of borrowing and other funding decisions, the Council will: -

- Evaluate economic and market factors to form a view on future interest rates so as to determine the manner and timing of decisions to borrow
- Consider the sources of borrowing, alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships to minimise costs and risks
- Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets
- Seek to reduce the overall level of financing costs / smooth maturity profiles through debt restructuring

3.1.3.3 In respect of investment decisions, the Council will: -

- Consider the optimum period, in the light of cash flow availability and prevailing market conditions
- Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital
- Determine appropriate credit policy limits and criteria to minimise the Council's exposure to credit and other investment risks

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved activities of the Treasury Management operation

- Borrowing
- Lending
- Debt repayment and rescheduling
- Consideration, approval and use of new financial instruments and treasury management techniques
- Managing the underlying risk associated with the Council's capital financing and surplus funds activities
- Managing cash flow
- Banking activities
- Leasing

4.2 Approved instruments for investments

As investment instruments are constantly being developed and evolved by financial institutions, staff will keep abreast of developments and report to the monthly TM meeting, those that it feels may be considered for use by SCC. The Director of Finance & Performance (Section 151 Officer) has the delegated authority to approve the use of any such investments, subject to what has been approved by members in the AIS/TMSS, and prudential limits.

Those currently used, or that are proposed to be used in the next year, will be detailed in the AIS, as part of the TMSS approved by Full Council each year.

4.3 Approved techniques

- Forward dealing
- The use of Snowballs, Range Trades, Escalators, Callable deposits, or any other structured investment approved by the Director of Finance & Performance (Section 151 Officer)
- LOBOs - lenders' option, borrowers' option borrowing instrument

4.4 Approved methods and sources of raising capital finance

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the Council has a number of approved methods and sources of raising capital finance. These are: -

On Balance Sheet	Fixed	Variable
PWLB (Loans issued by HM Treasury)	●	●
Market Loans (including LOBOs)	●	●
Market (temporary)	●	●
Local Authorities	●	●

Local Bonds	●	
Overdraft		●
Internal (capital receipts & revenue balances)	●	●

Other Methods of Financing

Government and EC Capital Grants
Lottery monies
PFI/PPP
Operating leases

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Director of Finance & Performance (Section 151 Officer) has authority to take the most appropriate form of borrowing from the approved sources.

4.5 Investment limits

The AIS sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing limits

See the TMSS and Prudential Indicators for agreed annual limits.

4.7 Use of Derivatives

The revised CIPFA TM code requires that the Council must explicitly state whether it plans to use derivative instruments to manage risks.

Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require Full Council approval.

In developing a risk management framework governing the use of derivatives, SCC Officers would need to: -

- Ensure full understanding of the product(s)
- Demonstrate the derivative transaction has reduced overall exposure to treasury risks
- Consider whether officers have the skills and experience to identify, evaluate and control the risks involved.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS SCHEDULE E

5.1 Limits to responsibilities / discretion at Council / Executive levels

- ✓ Full Council will approve the Prudential Indicators and revise them as and when necessary
- ✓ Full Council will receive and review reports on treasury management policies, strategies, and activities.
- ✓ The Director of Finance & Performance (Section 151 Officer) will be responsible for amendments to the Council's adopted clauses, treasury management policy statement and treasury management practices.
- ✓ The Director of Finance & Performance (Section 151 Officer) will approve the segregation of responsibilities
- ✓ The Director of Finance & Performance (Section 151 Officer) or Strategic Manager – Finance Technical will receive and review internal and external audit reports and put recommendations to the Audit Committee
- ✓ Approving the selection of external service providers and agreeing terms of appointment will be decided by the Director of Finance & Performance (Section 151 Officer)

5.1.1 Principles and practices concerning segregation of duties

Separate officers must undertake the following duties: -

Dealing	Negotiation and approval of deal – Dealer
	Receipt and checking of brokers confirmation note against loans diary – Finance Assistant
	Reconciliation of cash control account – Corporate Accounting Team (CATS)
	Bank reconciliation – CATS (2)
Checking	Verification of accuracy of information and legitimacy of payments - Panel of approved senior officers
Payment of Deal	Entry onto system - Dealer
	Approval and payment – Approved authorisers
Accounting Entry	Production of transfer note – Dealer
	Processing of accounting entry – Cashiers / CATS

5.1.2 Treasury Management organisation chart

Director of Finance & Performance
(Section 151 Officer)
↓
Strategic Manager - Finance Technical (Deputy Section 151 Officer)
↓
Investments Manager
↓
Principal / Senior Investment Officer
↓
Finance Assistant

5.2 Statement of duties / responsibilities of each treasury post

5.2.1 The Director of Finance & Performance (Section 151 Officer)

The Director of Finance & Performance (Section 151 Officer) will: -

- Submit budgets and budget variations in accordance with Financial Regulations and guidance.

- In setting the prudential indicators, the Director of Finance & Performance (Section 151 Officer) will be responsible for ensuring that all matters are taken into account and reported to the Cabinet so as to ensure the Council's financial plans are affordable, prudent and sustainable in the long term.

- Establish a measurement and reporting process that highlights significant variations from expectations.

- Make reports to the Cabinet under S114 of the Local Government Finance Act 1988 if the Director of Finance & Performance (Section 151 Officer) considers the Council is likely to get into a financially unviable situation.

- Recommend treasury management policy, strategy, and practices for approval, reviewing the same on a regular basis, and monitoring compliance.

- Submit treasury management reports as required to the full Council.

- Review the performance of the treasury management function and promote best value reviews.

- Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.

- Ensure the adequacy of internal audit, and liaise with external audit.

- Recommend on appointment of external service providers in accordance with Council standing orders.

2) The Director of Finance & Performance (Section 151 Officer) has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.

3) The Director of Finance & Performance (Section 151 Officer) may delegate his power to borrow and invest to members of his staff. The Treasury Management Team must conduct all dealing transactions, or staff authorised by the Director of Finance & Performance (Section 151 Officer) to act as temporary cover for leave/sickness.

4) The Director of Finance & Performance (Section 151 Officer) will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.

5) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Director of Finance & Performance (Section 151 Officer) to be satisfied, by reference to the County Solicitor and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

6) It is also the responsibility of the Director of Finance & Performance (Section 151 Officer) to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

The Director of Finance & Performance (Section 151 Officer) may delegate some or all of the above duties that do not fall under the responsibility of the Section 151 Officer, to the Deputy Section 151 Officer, currently the Strategic Manager – Finance Technical.

5.2.2 The Investments Team will be responsible for: -

1) Execution of transactions and conduct of other day-to-day activities in accordance with the Treasury Management Practices.

2) Adherence to agreed policies and limits.

3) Managing the overall treasury management function.

4) Ensuring appropriate segregation of duties.

5) Monitoring performance on a day-to-day basis.

6) Submitting management information reports to the Director of Finance & Performance (Section 151 Officer).

7) Maintaining relationships with third parties and external service providers and reviewing their performance.

5.2.3 The Monitoring Officer – The Strategic Manager – Governance & Risk

The responsibilities of this post will be: -

1) Ensuring compliance by the Director of Finance & Performance (Section 151 Officer) with the treasury management policy statement and treasury management practices, and that they comply with the law.

2) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.

3) Giving advice to the Director of Finance & Performance (Section 151 Officer) when advice is sought.

5.2.4 Internal Audit

The responsibilities of Internal Audit will be: -

1) Reviewing compliance with approved policy and treasury management practices.

2) Reviewing division of duties and operational practice.

3) Assessing value for money from treasury activities.

4) Undertaking probity audit of treasury function.

In all cases, audits will be conducted using a risk-based approach, identifying, assessing, and recommending mitigation actions relating to treasury management risks.

5.3 Absence cover arrangements

In the absence of the Principal Investment Officer, the responsibility for day-to-day operations of the Treasury Management function rests with the Investments Manager, or the Senior Investment Officer and Deputy.

5.4 Dealing limits

To ensure flexibility and maximum continuity, there are no dealing limits for individual posts

5.5 List of approved brokers

A list of approved brokers is maintained within the Treasury Management Team and a record of all transactions recorded against them. See TMP 11.1.2.

5.6 Policy on brokers' services

It is the Council's policy to allocate business between brokers on an equitable basis whenever possible. However, for similar levels of counterparty risk and liquidity, the broker with the most advantageous rate will be used.

5.7 Policy on taping of conversations

It is the Council's policy not to tape conversations with counterparties or brokers.

5.8 Direct dealing practices

The Treasury Management team deal direct with counterparties in addition to the use of money brokers. A copy of the counterparty Standard Settlement Instructions (SSIs) is required before funds are placed.

5.9 Settlement transmission procedures

All settlements are dealt through the Clearing Houses Automated Payments System (CHAPS) via the SCC bankers' proprietary system. After checking for accuracy and authenticity of counterparty bank details by the checker, one of a pool of authorised signatories sends the payment raised by the Dealer.

5.10 Documentation requirements

For each deal undertaken a record is entered into the TM database, giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), and broker. A print of each deal is attached to the pack of papers along with a revised balances outstanding report and a revised counterparty limits report. Prints of the proposed counterparty rating(s) are also attached. These documents are verified before payments are sent.

Any breach of counterparty limit is referred to the Director of Finance & Performance (Section 151 Officer) or other senior officer, who has the discretion to authorise the breach, dependent on circumstances.

5.11 Arrangements concerning the management of counterparty funds

SCC has a contract to provide treasury management services to the Police and Crime Commissioner for Avon and Somerset. It manages these funds on a segregated basis under contractual arrangements.

SCC manages funds on behalf of Exmoor National Park Authority, and the South West Regional Board. This money is managed on an aggregated funds basis under terms agreed in a Service Level Agreement.

SCC manages funds of other public or not-for-profit organisations via the Comfund. Specified terms and conditions are agreed and signed by participating bodies.

SCHEDULE F

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGMENTS

6.1 Annual Treasury Management Strategy Statement

The TMSS sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to Full Council for approval before the commencement of each financial year. It will also be made available to the Audit Committee.

The formulation of the annual TMSS involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

The TMSS is concerned with the following elements: -

- Current Treasury portfolio position
- Borrowing requirement
- Borrowing strategy
- Debt rescheduling
- Investment strategy
- Prudential Indicators
- Any extraordinary treasury issue

The TMSS will take into account expected moves in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and consider sensitivities in different scenarios.

6.2 Prudential Indicators

The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential Indicators.

The Director of Finance & Performance (Section 151 Officer) is responsible for incorporating these limits into the annual TMSS, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Director of Finance & Performance (Section 151 Officer) shall submit the changes for approval to the Council.

6.3 Mid-year review of activity

A mid-year report will be presented to Full Council at the earliest practicable meeting after the end of the first half of the financial year. This report will include the following: -

- ✓ Movement in the debt and investment portfolios during the first six months
- ✓ Significant transactions executed
- ✓ Measurements of performance
- ✓ Monitoring of compliance with approved policy, prudential limits, practices and statutory / regulatory requirements, and reporting of any deviations
- ✓ Risk management

6.4 Annual report on Treasury Management activity

An annual report will be presented to Full Council at the earliest practicable meeting after the end of the financial year. This report will include the following: -

- ✓ A comprehensive picture for the financial year of all treasury policies, strategies, activities and results
- ✓ Movement in the debt and investment portfolios during the year
- ✓ Significant transactions executed
- ✓ Measurements of performance
- ✓ Monitoring of compliance with approved policy, prudential limits, practices and statutory / regulatory requirements, and reporting of any deviations
- ✓ Risk management

6.5 Management information reports

Management information reports will be prepared at regular intervals by the Treasury Management Team and will be presented to the Director of Finance & Performance (Section 151 Officer) at monthly meetings. The reports are used to inform discussion on current, future, and potential risks, past performance and future tactics and operations. They focus on the risks to the achievement of TM objectives, and the tools, techniques, and tactics to mitigate risks.

Management reports will contain the following information: -

1) Movements in interest and money market rates and the yield curve
2) Movements in SCC cash, cash balances, and types of deposit made
3) Performance of investments
4) Comfund performance and details of investments made
5) Current debt portfolios, including analysis of market loans
6) Movements in PWLB and market rates and opportunities / threats arising
7) Current and changes (actual and potential) to ratings of current and potential counterparties
8) Analysis of risk metrics for investment portfolios
9) Compliance with Prudential limits and other stated policies, strategies, codes of practice, and practices
10) Any other treasury management business

SCHEDULE G

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory / Regulatory requirements

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices. The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to the Council's treasury management activities.

7.2 Accounting Practices Standards

Due regard is given to the CIPFA Code of Practice on Local Authority Accounting Practices.

7.3 Sample budgets / accounts / Prudential Indicators

The Director of Finance & Performance (Section 151 Officer) will prepare a three-year medium term financial plan with Prudential Indicators for treasury management, which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Director of Finance & Performance (Section 151 Officer) will exercise effective controls over this budget and monitoring of performance against Prudential Indicators, and will report upon and recommend any changes required in accordance with TMP6.

7.4 List of information requirements of external auditors

- Reconciliation of loans outstanding in the financial ledger to Treasury Management records
- Maturity analysis of loans outstanding
- Certificates for new long term loans taken out in the year
- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Principal and interest charges reports from the Treasury Management system
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Mid-year and Annual Treasury Outturn Reports

- Treasury Management Strategy Statement and Prudential Indicators
- Information of charges to the Income & Expenditure account in respect of MRP analysed into its constituent parts
- Details of any amounts held on behalf of external bodies and movements in those funds during the year.

TMP 8 CASH AND CASH FLOW MANAGEMENT SCHEDULE H

8.1 Arrangements for preparing cash flow statements

Cash flow projections are prepared regularly. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

Cash flow is recorded on the TM database with as great an accuracy as is possible, to assist in analysis and better future predictions.

All efforts are made to contact various departments prior to the financial year in order to ascertain timings and amounts of grants and other income to be received, or payments to be made.

Cash flow forecasts are updated daily as information flows from payroll, creditors etc pass through the TM team for payment.

8.2 Bank statements procedures

The Corporate Accounting Team receives daily bank statements and a daily download of data from the bank. All amounts on the statement are checked to source data from Treasury Management documents as well as Payroll and Creditor information. The Corporate Accounting Team (CATS) allocates expenditure to codes daily, which helps to identify differences. Cashiers perform the same process for income. CATS also undertake formal bank reconciliation on a monthly basis.

8.3 Payment scheduling and agreed terms of trade with creditors

SCC policy is to pay creditors at the latest possible date within the terms of the creditor. The creditor system is able to apply different terms for each creditor. The Exchequer Team performs this function. The Exchequer team is also responsible for the arrangements for monitoring debtor and creditor levels.

There may be occasions where advantageous terms can be gained by paying in advance of contractual terms. The decision to enter into revised terms will remain with the senior officers responsible for the budget.

8.4 Procedures for banking of funds

All money received by an officer on behalf of the Council will without unreasonable delay be passed to the bankers to deposit in the Council's banking accounts. .

9.1 Procedures for establishing identity / authenticity of lenders

The Council does not accept loans from individuals.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the Financial Conduct Authority (FCA) website at www.fca.org.uk

When repaying loans, the procedures in 9.2 will be followed to check the bank details of the recipient.

9.2 Methodology for identifying deposit takers

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that fulfill the counterparty criteria approved by Full Council, as part of the Annual Investment Strategy. Where these are deposits, they will only be placed with a Financial Institution that is authorised by the Prudential Regulation Authority to accept deposits, is a Building Society incorporated in the UK, or is a passported EEA institution.. A 'List of Banks' is published by the Prudentioal Regulation Authority (PRA) and can be accessed through the Bank of England website http://www.bankofengland.co.uk/pra/Pages/authorisations/banksbuildingsocietieslist.aspx . The exceptions to this are other Local Authorities and the DMO.

Where a counterparty is contracted via a broker, the broker confirms bank details. Where SCC has previously used the counterparty, details are checked against those currently held. Any changes are confirmed by the broker and by the counterparty on headed paper. When a broker introduces a new counterparty, SSIs on headed paper are requested.

When dealing with counterparties direct, a copy of SSIs is requested, as well as a list of contacts that are authorised to transact and / or provide information.

All payment transactions are carried out via CHAPS, for making deposits or repaying loans.

9.3 Proceeds of Crime Act 2002 (POCA)

Please find below an explanation of the current responsibilities of local authorities: -

The Proceeds of Crime Act 2002 imposes an obligation on any person or other body that undertakes a regulated activity as defined by the Act to report any incident that leads them to suspect that an individual or other body is making transactions with the proceeds of any criminal activity. This is an extension of the obligations previously imposed principally on financial services organisations and employees under money laundering legislation. The money laundering legislation, as reinforced by the FSA guidance, made it clear that an organisation had to nominate a money laundering reporting officer, MLRO, through whom suspicious transactions had to be reported and it was incumbent on the MLRO to decide if these transactions had to be reported to the National Criminal Investigation Service (NCIS), being the police body charged with dealing with these matters.

The question therefore arises as to whether organisations now caught under the provisions of the Proceeds of Crime Act (POCA) have to also nominate a MLRO. There is nothing that states that an MLRO has to be nominated and indeed, a number of organisations that are caught by POCA would not have a direct regulator to notify. However, it is equally clear that such organisations must have a process in place whereby employees can alert management of activities that may fall under POCA and that process must make it clear to whom an internal report has to be made. Therefore, whether called an MLRO or not, under their internal processes organisations need to appoint a senior officer (F.D., Treasurer, Head of Legal) to whom suspicions must be reported and who is responsible for deciding whether to pass the report to NCIS.
NCIS
PO BOX 8000
LONDON SE11 5EN

www.ncis.co.uk

The Director of Finance & Performance (Section 151 Officer) is conversant with the requirements of the Proceeds of Crime Act 2002 and will train the following staff in being diligent to be alert for suspicious transactions: -

- Treasury management
- Cashiers section
- Other as appropriate

The Council has appointed the Strategic Manager – Finance Controls & Standards to be the responsible officer to whom any suspicions that transactions involving the Council may include a party who is involved in criminal activity. Suspicious transactions will be investigated as far as the Council is in a position to do so or it is appropriate for the Council to do so, and if doubts remain, these transactions will then be reported to the National Criminal Investigation Service.

9.4 Other relevant Legislation

Money Laundering Regulations 2007 - SCC has written Anti Money Laundering, and Anti Fraud and Corruption Policies, which are available on the intranet. The Investments Team is aware of these policies.

Terrorism Act 2000 – Local Authorities are subject to full provisions

Bribery Act 2010 – Local Authorities should be mindful of its requirements

10.1 Details of approved training courses

SCC does not currently subscribe to membership of the CIPFA Treasury Management Network, but attends seminars on an ad hoc basis. to keep abreast of relevant industry and market developments, and to share best practice with practitioners from other Local Authorities and Public Services.

There is no list of approved training courses maintained, but sources of training and contents of courses and seminars are received frequently from a host of external suppliers. In line with the Council Line Management & Annual Review (LMAR), courses deemed suitable will be suggested and approved accordingly. These may be provided by CIPFA, ratings agencies, or money brokers etc.

10.2 Starting Qualifications

There is a stated minimum level of qualification needed, as part of each job description for the various posts within the Investments team.

The Council recognises the importance that all treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a (LMAR) system, which identifies the training requirements of individual members of staff engaged in treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Director of Finance & Performance (Section 151 Officer) to ensure that all staff under his authority receives any necessary training.

10.3 Statement of Professional Practice (SOPP)

As a member of CIPFA the Director of Finance & Performance (Section 151 Officer) is required to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

10.4 Details of qualifications & experience of treasury staff - As at May 2016

Investments Manager

- Has experience working within the financial and investment services industry in both the public and private sectors since 1996, and has been heading up the SCC Investments team since March 2003.
- Is a Chartered Financial Analyst and an Associate of the Society of Investment Professionals.
- Holds a BSc (Hons) degree in Accounting and Financial Analysis.

Principal Investment Officer

- Has worked in the SCC investments team since 1998, with the exception of 2 years in the SCC internal audit team.

- Holds a BA (Hons) degree in Business Administration
- Is AAT qualified
- Holds the Investments Administration Qualification from the Securities Institute.

Senior Investment Officer

- Has worked in the SCC investments team for 11 years, and a further 7 years in various accounting functions of SCC
- Is AAT qualified
- Holds the Investment Management Certificate.

10.5 Records of training received by treasury staff

Formal records of training received by treasury staff are kept by the individuals involved. All course material is kept for as long as it is deemed relevant.

10.6 Records of training received by those charged with governance

All new Councillors receive an overview of the treasury management function as part of their induction.

Training opportunities for members are highlighted each year in the TMSS. Invitations to attend CIPFA events relevant to Treasury Management are offered.

Records of any training received are to be kept by those charged with governance.

11.1 Details of contracts with service providers, including bankers, brokers, consultants, and advisers

11.1.1 Banking services

- Name of supplier of service is currently Nat West Bank
- The branch address is: 49 North Street, Taunton, TA1 1NB
- Contract commenced 1 April 2015 and runs for five years. Cost of service is variable depending on schedule of tariffs and volumes
- Payments due quarterly

A full tender conducted under EU procurement rules will be undertaken at the end of the current contract.

11.1.2 Money-broking services

In addition to direct dealing, the Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers where rates offered are the same, but the best rate achieved will be the primary factor.

The Principal Investment Officer, on an ongoing basis, evaluates the service levels of brokers and in the event that rates are equal, the broker that has been offering the best service will be given the transaction. Contact with an approved list of 5 brokers (below) is maintained. Appropriate recommendations to change the approved brokers list will be made to the Director of Finance & Performance (Section 151 Officer) at monthly TM meetings.

Current broker contacts: -

- Tullett Prebon
- Tradition UK Ltd
- Sterling International Brokers (Part of BGC Brokers)
- Intercapital (Europe) Ltd
- RP Martin

11.1.3 Consultants' / advisors' services

Treasury Advisor Services

Arlingclose were selected as Treasury Advisora to SCC In February 2009, and have retained the position after a full competitive tender in 2012. Under the schedule of services to be provided, they will: -

1. Provide assistance in compliance with the CIPFA Code of Practice on Treasury Management in respect of policy and strategy statements, Treasury Management Practice maintenance and the reports made to Committee, Cabinet, Scrutiny and Council.

2. Assist in the calculation and setting of the Council's Prudential Indicators.

3. Provide advice in monitoring the Council's internal treasury procedures.

4. Provide economic and interest rate forecasts.

5. Advise the Council on Investment Strategy and its execution.

6. Advise the Council on credit worthiness policy and reconciliation of Council's list of investment counterparties.

7. Hold an annual strategy and review meeting with the Council to set and review treasury strategy and monitor progress in response to changing economic, political and legislative events and circumstances

8. Provide advice and guidance within an agreed strategy on long-term borrowing as well as debt restructuring opportunities including the evaluation of the financial impact of activity on the General Fund in accordance with the Council's adopted treasury strategy, Prudential Indicators and relevant accounting standards.

9. Provide periodic reviews of progress and reassessment of the Council's financial objectives in light of prevailing interest rate forecasts, economic developments and any legislative changes that impact on management of the portfolio.

10. Assist in the monitoring of the Council's debt and investment portfolio performance.

11. Provide training opportunities to officers.

11.1.4 Leasing Consultancy Services

The Council currently uses Chrystal Consulting for leasing consultancy services. They are not paid a set fee, but earn their fees as a percentage of the savings that they make as a result of negotiating a better deal than that first offered by the lessor.

11.1.5 External Fund Managers

None used at present for Treasury Management purposes.

11.1.6 Credit rating agency

The Council does not subscribe to a credit rating service, but has free access to much ratings information through registration with all three major ratings agencies, Fitch, Moody's, and Standard & Poor's.

12.1.1 List of documents to be made available for public inspection

The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

It has adopted the CIPFA Code of Practice on Treasury management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

The following documents are available for public inspection: -

- Treasury Management Policy Statement
- Treasury Management Strategy Statement
- Annual Investment Strategy
- Annual Treasury Outturn Report
- Mid-year Outturn Report

- Annual Statement of Accounts
- Annual budget
- 3-Year Capital Plan

- Minutes of Full Council meetings

12.1.2 List of external funds managed on behalf of others and the basis for attribution of interest and costs

SCC has a contract to provide treasury management services to the Police and Crime Commissioner for Avon and Somerset. It manages these funds on a segregated basis under contractual arrangements.

SCC manages funds on behalf of Exmoor National Park Authority, and the South West Regional Board. These monies are managed on an aggregated funds basis in the name of SCC, under terms agreed in a Service Level Agreement with those bodies.

SCC manages funds of other public or not-for-profit organisations via the Comfund. Specified terms and conditions are agreed and signed by participating bodies.

EXPLANATION OF KEY INVESTMENT TERMS SCHEDULE M

LIBOR – London Interbank Offered Rate

LIBOR stands for London InterBank Offered Rate. LIBOR is an indicative average interest rate at which a selection of banks (the panel banks) are prepared to lend one another unsecured funds on the London money market
LIBOR is calculated for five currencies, across seven maturities. The official LIBOR interest rates are announced once a day at around 11:45 a.m. London time by ICE Benchmark Administration (IBA). They are trimmed averages of inter-bank deposit rates offered by designated contributor banks, for maturities ranging from overnight to one year..

There are between eight and sixteen contributor banks on each currency panel and the reported interest is the mean of the middle values (the interquartile mean). The rates are a benchmark rather than a tradable rate; the actual rate at which banks will lend to one another continues to vary throughout the day.

LOBO

A LOBO is a loan taken out against the issue of a Bond by the borrower, in this case Somerset County Council.

It gives the Lender (L) the Option (O) to vary the rate of the loan after a set initial period. If this option is exercised, the Borrower (B) has the Option (O) to agree to the new rate, or repay the loan without penalty.

Stepped LOBOs are simply a variation, which introduce an additional period into the agreement, and in doing so allow greater flexibility into the structure of the loan.

The providers of these funds are major banks who came into the Local Authority market around 1997. At this time the Public Works Loan Board restricted its lending to periods of 25 years, whereas previously it had loaned in periods of up to 60 years. The commercial market woke up to the fact that local authorities had large demands for long term funding, and also that Councils are very highly rated in terms of their creditworthiness.

Somerset started to use this new product in 1997, and now has a total of approximately £170m of such borrowings out of a total portfolio of £338.75m. The lenders are Barclays, FMS Wertmanagement, Dexia, KA Finanz, Landesbank Hessen-Thuringen, and Hypothekenbank.

In arranging new loans account is taken of the existing loans portfolio and the financing needs of the County Council in accordance with our usual risk-averse policies. We take particular note of when the lenders options fall due and plan our maturity profile on the assumption that we will repay the loan in full at the first option date so that we will not find ourselves in a compromised position of having to re-finance large sums in any given year. Our general policy on reacting to a lender exercising an option to raise the rate, is to repay and re-finance if necessary. This may be in the form of another market loan, PWLB loan, or temporary borrowing.

An added aspect with stepped loans is the ‘back end’ of the deal. An initial period at a lower rate is a bonus, and very useful to have to help the Revenue Budget. However, the prime consideration is 'would we be happy to stay with the back end rate if it ran on to maturity? Typically we structure our loans such that the 'back end' is the same our lower than the longest available PWLB loan rate at the time that the loan is taken out and do this in preference to getting the cheapest rate before the step.

1) Callable Deposit

This is a very simple deposit that pays a rate higher than you would currently receive for the same period, but as the name suggests the borrower has the right to terminate the trade at pre-arranged dates in the future.

For example, a 3-year non-call 3-months deposit currently pays a rate of 5.5%.

In this example the borrower will pay you 5.5% for the first 3 months, and in 3 months time will decide whether to pay you the same rate for the next 3 months, or terminate the trade, and so on until maturity.

The borrower will pay 5.50% from today until 3 months time Guaranteed!
In 3 months time the borrower may pay you 5.5% for the next 3-month period. If this happens, in a further 3 months time the borrower may pay you 5.50% for the following 3 months, this process will continue until the maturity date of the deposit.

If the borrower does not wish to pay you 5.5% for the next period, the borrower then has the right to terminate the trade. This means that the borrower will either give you your money back with the accrued interest to that date, or both parties agree another callable trade, again at an enhanced rate in comparison to prevailing rates.

All aspects of the trade are negotiable, for example the term of the trade, the non-call period, the call periods etc, but each change will either have a positive or negative effect on the rate payable.

The bottom line on this deposit is that you get an enhanced rate compared to current market rates, the borrower can hold the lender to the full term, but can also cancel on the pre-agreed dates if they wish to. If they cancel the trade they may look to roll this into a new deposit, again at an enhanced rate compared to the market, but it is possible that the lender gets their money back early having achieved a better than market return in the period of the deposit.

The key risk to a callable deposit is that if rates fall, there is reinvestment risk, the risk that the borrower repays the deposit, and the lender is left to reinvest at the reduced prevailing rate. This is mitigated slightly, in that it is possible to enter a new callable deal at rates above prevailing rates, but by taking a callable loan, the lender has foregone the opportunity to lend longer for fixed periods.

A necessary consideration is the length of the loan. Similar to fixed-term deposits, if rates increase significantly during the period of the loan, the rate can be a drag on the rest of the portfolio.

2) Callable Range Accrual (Range Trade)

A Callable Range Accrual is so called because it is callable or cancellable by the bank after the initial period, as above. However, where it differs, is that interest accrues only as long as Libor (London Interbank Offer Rate, or another independently derived and published benchmark rate) stays within a pre-agreed range. The lender can choose the range, the non-call period, the Libor they wish to use, the call periods and the potential return they wish to receive.

A 3 years non-call 3 months will currently pay a rate of 11.00% as long as 3 month Libor stays within a range of 0% and 5.50%.
For any day that the Libor sets outside the chosen range, the lender will receive 0% for each day. If Libor then subsequently resets back within the range the lender will accrue again at the enhanced rate (in this case 11.00%)

It is possible to set the minimum guaranteed, so rather than receive 0% if Libor is outside the range, a minimum of 3% or 4% is payable. In this case, the rate paid if within Libor is reduced, in this case, to roughly 8.5%.

The bank has the right to cancel this trade after the first 3 months, and every 3 months thereafter.

With a range trade, the lender is backing his judgement on interest rate movements and in exchange for that can achieve a significantly enhanced return. This is done as part of portfolio management. The risk of rates going above Libor on a small part of the portfolio (and therefore none, or little payment on a range accrual) will be offset by the fact that the rest of the portfolio will be returning more than expected.

The key risk to a callable range accrual is obviously that the contractual Libor rate goes outside the specified range. It is possible to mitigate this risk by analysing the historical behaviour of any specified Libor relative to base rate. By taking a view on expected base rate (which is done on all deposits), a lender can minimise exposure, and choose a range to match his risk appetite.

As with all callable loans, there is reinvestment risk as stated above.

3) Snowball

A Snowball deposit takes a ‘bearish’ view on rates, i.e. that rates are going to fall faster (or rise slower) than the market expects. If this view proves correct, the interest coupon will increase or ‘*snowball*’. The snowball can be a useful tool for protecting a portfolio against falling cash yields.

The coupon for the first period is set at a fixed level on the trade date. Subsequent coupons then increase (or decrease) depending on how rates have actually moved over time, in comparison to a ‘strike’ level, which is also determined on the trade date.

The lender can choose the initial coupon, strike levels, and as for the Callable Range Accrual; the non-call period, the rate you wish to use and the call periods (snowballs may be issued as either callable or non-callable). Note that the coupon amount is determined at each payment date, rather than accruing on a daily basis.

To illustrate how this works, consider the following (hypothetical) example: Libor is currently at 6% and the market expects rates to remain there *but* you believe rates will fall to 5.50%.

You invest in the following snowball deposit paying you an initial Coupon of 7% for 3 months. Subsequent coupons are calculated as follows every quarter:

Previous Coupon + 6.25% - Libor (where 6.25% is your chosen strike level)

So let's consider what happens for the next coupon if Libor does fall to 5.50%. It would be: 7% + 6.25% - 5.50% = 7.75%

On the other hand, if Libor instead rises to 6.50% the coupon would be:
7% + 6.25% - 6.50% = 6.75%

So the coupon rises if Libor falls below your strike level or falls if Libor rises above the strike. To complete the picture and to move on to the third coupon, the calculation, taking the first of the above alternatives, would be:
7.75% + 6.25% - Libor

If Libor fixes below 6.25%, the coupon continues to rise, or snowball.

The key risk to a snowball is that the specified Libor rate goes against the interest view of the lender. If this scenario continues through many call periods, the rate may snowball in reverse, or melt away. There would be an opportunity to reschedule the loan, but this would probably be at a punitive rate if rates were expected to go with the borrowers. As with range trade accruals, the risk of rates going above Libor on a small part of the portfolio (and therefore reduced payment on a snowball), will be offset by the fact that the rest of the portfolio will be returning more than expected.

As with all callable loans, there is reinvestment risk as stated above.

1.13 List of currently approved counterparties and date of formal approval
(Updated 25-05-2016)

Bank or Building Society	Date Approved	Bank or Building Society	Date Approved
Bank of Scotland Plc	01/01/2007	Bank of Nova Scotia	20-04-2016
Barclays Bank Plc	01/01/2007	National Australia Bank	20-04-2016
HSBC Bank Plc	01/01/2007		
Lloyds Bank Plc	01/01/2007		
National Westminster Bank	01/01/2007		
Nationwide Building Society	01/01/2007		
Royal Bank of Scotland Plc	01/01/2007		
Santander UK	01/01/2007		
Australia & New Zealand Bank	17-07-2012		
Standard Chartered (Suspended)	13-09-2012	**Sterling CNAV Money Market Funds**	
Svenska Handelsbanken AB	13-09-2012	Goldman Sachs	26-06-2009
Nordea Bank AB	13-09-2012	Invesco Aim	29-06-2009
Close Brothers Limited	02-05-2013	RBS Global Treasury	07-07-2009
Deutsche Bank AG (Suspended)	22-08-2013	Prime Rate	31-07-2009
Rabobank	22-08-2013	JP Morgan	09-10-2009
Development Bank of Singapore	29-07-2104	Insight	09-11-2009
United Overseas Bank	29-07-2104	Ignis (Standard Life)	18-11-2009
Goldman Sachs Investment Bank	29-07-2104	Blackrock	01-07-2011
Oversea-Chinese Banking Corp	20-04-2015	Deutsche	01-07-2011
Pohjola Bank	15-06-2015	LGIM	23-02-2012
Commonwealth Bank of Australia	06-08-2015		
Toronto Dominion	04-11-2015	**Other**	
Landesbank Hessen-Thuringen Girozentrale (Helaba)	04-11-2015	DMO	05/02/2009
Bank of Montreal	29-01-2016	Other Local Authorities	01/01/2007

Certified by the Director of Finance & Performance (Section 151 Officer)

……………………………………………… Date …………………………

And the Deputy Section 151 Officer

……………………………………………… Date ………………………...

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Somerset County Council
County Council
- 21 February 2018

Report of the HR Policy Committee

Chairman: Cllr Anna Groskop, Cabinet Member for HR, Health & Transformation
Division and Local Member: All
Lead Officer: Chris Squire, HR Director
Author: Julian Gale Strategic Manager - Governance & Risk
Contact Details: 01823 357628

1. Summary/link to the County Plan

1.1. Officers prepared a draft 2018/2019 Pay Policy Statement, attached as Appendix A, which the HR Policy Committee considered on 15 January 2017 and recommended to Full Council for its approval.

The only minor changes to the Pay Policy Statement for 2018/19, since Council last approved the previous PPS on 17 February 2016, were to remove references to ‘chief officers’ as that term was wide ranging and also covered a number of posts that fell outside of the Council’s Senior Leadership Team (SLT). In place of the generic ‘chief officer’ term the revised contents were more specific about the posts being referred to and at what grade under each section.

1.2. The HR Policy Committee forms a key part of the Council’s constitutional arrangements which underpin the aims and delivery of the Somerset County Plan. The Committee exercises delegated authority from the Council in respect of the approval of the Council’s HR policies. However legislation requires the Pay Policy Statement (PPS) itself to be approved by Full Council on the recommendation of the HR Policy Committee. The PPS needs be approved in time for implementation from the beginning of the financial year.

1.3. This report also covers in Section 4 (for information only) the other items considered by the HR Policy Committee at its meeting on 18 September 2017, 13 November 2017 and 15 January 2018.

2. Recommendations

2.1. The HR Policy Committee agreed to recommend the Council:

- **To approve the Pay Policy Statement (PPS) for the Council for 2018-19 (attached as Appendix A to this report).**

3. Background

3.1. Section 38(1) of the Localism Act 2011 requires local authorities to prepare, agree and publish pay policy statements for each financial year. Under the legislation the approval of this policy statement is a function of Full Council rather than an ‘executive’ function and cannot be delegated to a committee. It therefore needs to be approved at a meeting of the Full Council hence this report.

3.2. Full Council agreed the current PPS for 2017/2018 on 26 April 2017.

3.3. The only minor changes to the Pay Policy Statement for 2018/19 are to reflect changes to the term of 'chief officers' updated pay data and changes to grade 17 salary scale points from October 2015. These are marked as tracked changes on Appendix A.

3.4. It should be noted that the new rate of the National Living Wage (NLW) will apply from 1 April 2018.

The hourly rate for the NLW will be £7.83 per hour, and will apply to those aged 25 and over. That rate is expected to increase on an incremental basis so that by 2020 it reaches 60% of national median earnings, so an estimated £9.35.

The National Employers met with the unions in December 2017 and have made a final pay offer.

The Employers' final offer was constructed to achieve a two-year agreement with a headline of two per cent in each of 2018 and 2019 in addition to increasing the bottom pay points to take account of the new National Living Wage.

4. Meetings of the Committee (for information)

4.1. 18 September 2017

Pay Review in Somerset

We considered this report that set out the current position regarding pay negotiations in Somerset. We noted that that appropriate pay provisions for staff are fundamental to the delivery of the Council's objectives and services as set out in the County Plan. Members noted that Council operates a 17 grade pay structure and that grades from 17 up to 9 contain a number of pay increments. In addition grades 8 and upwards, contain a single pay point per grade.

We agreed having carefully considered the current arrangements that the most effective way currently to ensure that the Council had adequate staff pay awards and was protected from challenge and met its obligations appropriately would be to remain part of the national bargaining arrangements. This would also help to ensure that the on-going pay spine review reflected national arrangements.

Disclosure Policy

We considered this report about the proposed Disclosure Policy that would consolidate the Council's current guidance and processes in relation to the disclosure of criminal records. It would also complement and expand on the current Recruitment of Ex-Offenders Policy, which set out the circumstances in which the Council would be allowed by law to request full criminal disclosure.

We heard that the new policy explained how the Council would make effective use of the Disclosure and Barring Service (DBS) in recruitment to safeguard the children and vulnerable adults who access services. It would also outline how the Council will comply with the Cabinet Office Baseline Personnel Security Standards for employees that access the Public Services Network.

We discussed the policy and agreed it was an appropriate time to consolidate current guidance and processes into a formal policy not least because the DBS would be commencing compliance inspections. We noted that the policy also provided an explanation of eligibility and the different types of disclosure and checks against 'barred lists' and when they should be used, expectations of employees whose post would be covered by DBS eligibility criteria and procedures for dealing with disclosure checks and disclosure certificates. We agreed to accept the new Disclosure Policy.

4.2. 13 November 2017

Discretions Policy: The Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions & Savings) Regulations 2014

We considered this report that asked for approval to revise the Discretions Policy to enable the Council to introduce a salary sacrifice Shared Cost Additional Voluntary Contribution (SCAVC) arrangement in respect of the Pension Scheme.

We noted that the SCAVC scheme would enable both the employee and employer to benefit from national insurance savings that could be made, in addition to the existing income tax benefits enjoyed by employees who make Additional Voluntary Contributions (AVC's). The brand name for this new offer would be AVC Wise and it would take the form of a salary sacrifice arrangement.

We agreed to approve the revised Discretions Policy and that Regulation R17 (1) and TP15 (1) (d), Shared Cost Additional Voluntary Contribution Arrangement be updated to enable the Council to introduce a salary sacrifice Shared Cost Additional Voluntary Contribution arrangement.

4.3. 15 January 2018

In addition to our deliberations on the revised Pay Policy Statement for 2018/2019 we had the benefit of a very interesting and informative presentation from the Director for Human Resources and Organisational Development.

5 Implications

5.1 The proposals for the PPS ensure that the Council fully meets the Council's statutory obligations under Section 38 of the Localism Act and the associated statutory guidance

6 Background papers

6.1 Agenda and papers for the HR Policy Committee meetings.
http://www1.somerset.gov.uk/council/meetings/results.asp?ccode=37

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

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SOMERSET COUNTY COUNCIL PAY POLICY STATEMENT -2018/19

This document sets out Somerset County Council's Pay Policy Statement (PPS) for 2018/19 which is revised and published at least annually following approval at Full Council.

1. Background

Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a PPS for each financial year.

The Act:

1. Requires the PPS to include the Council's policy on the following:

- The remuneration of its chief officers
- The remuneration of its lowest paid employees.
- The relationship between the remuneration of its Chief Officers and other officers.
- Other specific aspects of chief officer remuneration such as levels and elements of such remuneration, remuneration on recruitment, increases and additions to remuneration, termination payments and transparency.

2. Requires that the PPS:

- Must be approved formally by Full Council.
- Must be approved by the end of March every year for the following financial year.
- Must be published on the local Council's website as soon as it is approved by the Council.
- Must be complied with for all decisions on pay and reward for Chief Officers.

3. Makes provision for Full Council to make in year amendments to the PPS at any time and this function cannot be delegated.

2. Definitions

The Act (Section 43) defines remuneration widely as:
- Pay.
- Charges.
- Fees.
- Allowances.
- Benefits in kind.
- Increases/enhancement of pension entitlement.
- Termination payments.

The Act (Section 43) defines Chief Officers as:

- The head of the paid service designated under section 4(1) of the Local Government and Housing Act 1989;

- The monitoring officer designated under section 5(1) of that Act;
- A statutory chief officer mentioned in section 2(6) of that Act;
- A non-statutory chief officer mentioned in section 2(7) of that Act;
- A deputy chief officer mentioned in section 2(8) of that Act.

For the purposes of this statement all of the Council's senior officers on Grades 1 to 3 fit the above definition. These are collectively referred to as the Senior Leadership Team (SLT) throughout this Statement. In addition the post of Monitoring Officer (Grade 5) and a number of posts at Grades 4 and 5 fall within the legal definition of 'deputy chief officer'.

3. Pay Data

The Council complies with Data Protection Act obligations and will only publish information about an individual officer's pay where it is required to do so by law.

In accordance with the Accounts and Audit (England) Regulations 2011 and the Local Government Transparency Code 2015, the Council publishes pay information about individual posts for the Chief Executive and SLT on its website and in the Annual Statement of Accounts. The current list of posts and salaries is accessible via the following link.

http://www.somerset.gov.uk/organisation/senior-salaries-and-pay-policy

In relation to other senior officers of the Council, including the Monitoring Officer, pay information is published on the Council's website relating to:

- Salaries of £50,000 or more by reference to total numbers within bands (grouped in bands of £5,000);
- Details of remuneration and job titles of certain senior employees whose salary is at least £50,000 and a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and 'benefits in kind', for all employees whose salary exceeds £50,000.

4. Principles

The key principles underpinning this pay policy statement are:
Affordability – ensuring remuneration policies represent value-for-money for the taxpayer
Fairness – ensuring remuneration policies are fair to all staff, ranging from the most senior post to the most junior post
Meet legislative requirements – ensuring remuneration policies comply with all legal obligations, such as the Equal Pay Act
Market facing – ensuring due regard is taken of the market, both nationally and locally in the South West, and that this policy is in-line with councils of a similar size and / or in a similar labour market.
Tax Avoidance – ensuring that all remuneration arrangements comply fully with HMRC regulations.

5. Determination of Grade

The Council's Grading structure accords with the National Single Status and Green Book agreements. The Grading structure reflects the need to continue to modernise, facilitate new ways of working and ensure equal pay for work of equal value in a large and diverse organisation.

The grading structure treats all groups of staff the same. It uses two schemes to evaluate jobs, covering virtually all employees, except teachers and Soulbury staff, which are subject to national grading schemes.

The Hay Scheme is used for the more senior posts, including the Chief Executive, SLT officers, and Strategic and Service Managers.

The New Somerset Scheme, based on the Greater London Provincial Council scheme (formerly GLEA), is used for all other posts. Some posts cross between the borders of both schemes.

The lowest paid posts in the Council which include posts of Cleaner, Domestic Assistant, Distribution Assistant and General Kitchen Assistant, are paid on Grade 17 (national spinal point 6: £15014 as at 1st April 2017).

The relationship between pay at the lowest and highest levels is therefore controlled by job evaluation.

6. Pay and Grading Structure

The Pay and Grading structure incorporates National Pay Points up to spinal column point 44 and locally determined pay points above. The current pay and grading structure can be accessed via the following link.

http://extranet.somerset.gov.uk/EasysiteWeb/getresource.axd?AssetID=95547&type=full&servicetype=Attachment

The Council operates a 17 grade pay structure. Each grade from 17 up to 9 contains a number of pay increments. On Grades 8 and upwards, there is a single pay point per grade.

The Council does not operate a performance-related pay scheme for any staff, but does have a performance related appraisal scheme, including behaviours and competency assessment. The Council does not pay a bonus to any Council employee and no additional payments are made for election duties.

NJC for Local Government Services (Green Book) pay, terms and conditions apply to posts on Grades 17 to 4 inclusive. Annual pay awards are determined by national agreement.

With the exception of the Monitoring Officer, posts on grades 17 to 4 are officer appointments.

Post holders on Grades 17 – 9 are, subject to satisfactory performance, eligible for annual incremental increases up the pay scale until they reach the top of their grade.

Post holders on Grades 4 – 8 (Strategic and Service Managers) have some localised terms and conditions. Each Grade (4 – 8) has a fixed, spot salary and there is no incremental progression.

7. **Chief Executive and SLT Officers Pay**

The Chief Executive and other SLT Officers are paid on Grades 1 – 3. All SLT posts on Grades 1 to 3 and the Monitoring Officer are appointed by the Appointments Committee of the Council with the exception of the Chief Executive whose appointment has to be agreed by the Council.

Each of the Grades 1 – 3 has a spot salary and no incremental progression.

Annual Salaries for Chief Executive and SLT posts range between £88,443 and £166,485, as follows:

Grade 1 Post:
Chief Executive

The salary for Grade 1 Post is within the range £156,075 to £166,485.

Grade 2 Posts:
Lead Commissioner Children & Learning (DCS)
Director of Finance, Legal and Governance
Commercial and Business Services Director
Lead Commissioner Adults and Health (DASS)
Public Health Director
Lead Commissioner Economic and Community Infrastructure

The salaries for Grade 2 Posts are within the range £ 104,049 to £135,264.

Grade 3 Posts:
Director of Corporate Affairs
Economic and Community Infrastructure Operations Director
Adults and Health Operations Director
Deputy Director Children and Families
Deputy Director Education
Director of Human Resources & Organisational Development

The salaries for Grade 3 posts are within the range £88,443 to £103,998.

The default position in the event of a vacancy in any of the above posts is that the salary paid to the person appointed to fill the vacancy will be at the lowest point in the range (which represents the ‘spot’ to be applied within the grade) unless otherwise agreed by the Chief Executive (or Full Council in the case of the post of Chief Executive) in accordance with the requirements of the PPS.

8. Governance Arrangements (as detailed in the Constitution)

All actions, responsibilities and delegations outlined below must be exercised in accordance with the requirements of this Statement.

Appointments Panel

An Appointments Panel of the Council reviews the terms and conditions of any SLT post that becomes vacant (and, in addition, the post of Monitoring Officer) and where appropriate makes recommendations to the Chief Executive for any changes; decides the appointments process or other course of action; and appoints the Appointments Committee to undertake the appointments process.

The Panel comprises of 3 elected members appointed in accordance with the Constitution and can convene virtually or meet as required. If a Panel decides that no changes to terms and conditions are necessary when it reviews a vacant post (and that the salary will be advertised at the bottom of the range [the 'spot' for the grade] for posts on grades 1 to 3) then the Panel has authority to progress the recruitment without the need to seek further approvals. If a Panel wishes to make changes to the terms and conditions of a vacant post (other than the post of Chief Executive) then these are subject to the approval of the Chief Executive having obtained the agreement of the Leader of the Council. This includes where a Panel wishes to advertise a salary for a post (other than the post of Chief Executive) above the 'spot' at the bottom of the range. This must be the subject of a Panel recommendation to the Chief Executive for decision. If the Panel's recommendations for changes to terms and conditions relate to the post of Chief Executive then Full Council must agree these changes.

Note: Note: The Full Council approval of this Statement meets the provisions of the statutory guidance in relation to senior officer appointments which requires all posts where the total remuneration package is in excess of £100,000 pa to be approved by Full Council.

Appointments Committee

The Appointments Committee of the Council is responsible for all SLT appointments (and the appointment of the Monitoring Officer) with the exception of the appointment of a Chief Executive which is subject to the approval of Full Council on the recommendation of the Committee. The Committee comprises up to 5 elected members for each individual appointment process and the membership is politically proportioned according to the political membership of the Council. The detailed provisions for the Committee's membership are detailed in the Constitution. If the Committee during the course of an appointment process wishes to vary the terms and conditions or the salary already agreed for a specific post, then such a proposal is subject to the approval of the Chief Executive having obtained the agreement of the Leader of the Council. The exception to this is where the Committee's recommendations relate to the appointment of the Chief Executive where any changes must be agreed by Full Council.

HR Policy Committee

The Committee comprises 6 elected members and the membership is politically proportioned according to the political membership of the Council.
This Committee has responsibility for:

- deciding and implementing annual pay awards for the Chief Executive and SLT and, where it is agreed that an award is made, the revised scales will be included for information in the next annual review of the PPSreviewing on at least an annual basis the pay and grading structure of the Council (including Chief Officer grades and salaries) and making recommendations for any changes considered necessary to Full Council by way of a revised PPS.

In bringing forward recommendations on these issues, the Committee will take into account:

- the outcome of job evaluation,
- any data/advice/evidence or views collected from appropriate sources, including: the Council's HR function; National and/or Regional Employers' Organisations; independent external pay data
- the needs of the business to recruit and retain senior officers
- the requirements of the PPS and
- fluctuations in the local and national job market.

Special Members' Panel / Committee

The Constitution includes provision for the appointment of a Special Members' Panel to consider (and determine where appropriate) the following issues in relation to SLT Officers and the Monitoring Officer:

(a) Where the dismissal of an SLT Officer (other than the Chief Executive or the Section 151 Officer) is proposed on disciplinary grounds, Council will determine the dismissal on the recommendation of the Panel;

(b) Where a proposal is made to dismiss an officer holding a statutory post of Chief Executive, Chief Finance Officer or Monitoring Officer, the Panel shall decide whether there is any justification to the proposed dismissal and therefore whether it needs to be investigated. If the decision is that an investigation is necessary the Panel will appoint an investigator. If the investigation confirms a potential dismissal, the Panel will refer the matter to the Independent Persons' Panel for consideration and report to Council. If the investigation recommends disciplinary action then the Special Members' Panel shall consider and decide whether disciplinary action is justified and if so agree any action to be taken.

(c) The Panel has authority to meet as a Committee of the Council to determine any question of disciplinary action in relation to an SLT Officer or the Monitoring Officer.

(d) Except as otherwise provided for in (a) to (b) above, the Panel has authority from the Council to meet as a Committee of the Council to deal with any question of dismissal of an SLT Officer on the grounds of redundancy (including voluntary), permanent ill-health or infirmity of mind or body. The exception to this is where a proposed financial settlement for an officer leaving the Council exceeds £100,000. In these circumstances Full Council must agree the settlement.

The Special Members' Panel shall comprise of 6 Members appointed by the Leader of the Council (or his/her nominated representative) and comprising:-

(a) The Leader of the Council (or his/her nominated representative)
(b) The Leader of the largest opposition group (or his/her nominated representative)
(c) 4 other Members of the Council selected by the Leader of the Council in consultation with the other Group Leaders and in accordance with the rules of political proportionality.

Note: The membership of the Panel will not include any Member previously involved in an individual Officer's case.

Independent Persons' Panel

Any proposal to dismiss a statutory post-holder holding the position of Chief Executive, the Chief Finance Officer or the Monitoring Officer must be determined by the Council on the recommendation of the Independent Persons' (IPs) Panel comprising a minimum of 3 IPs in accordance with the Local Authority (Standing Orders) (England) (Amendment) Regulations 2015. The IPs are selected from a joint Somerset Councils' Panel of IPs. The Panel is appointed by the Chief Executive (or the Head of HR where the Chief Executive is the subject of the proposed dismissal). The Panel shall be appointed a minimum of 20 days before the Council is due to meet to consider the dismissal.

Note
This section summarises the detailed arrangements set out in Section 7 of Part 1 of the Constitution.

Chief Executive : Delegated Powers

The Chief Executive has been designated by the Council as the Head of the Paid Service and is therefore responsible for the Council's Senior Leadership Team and supporting officer structures of the Council. Any changes proposed by the Chief Executive to the staffing structure shall be subject to consultation with the Cabinet before the changes are agreed by way of an Officer Decision taken by the Chief Executive. Full Council will be informed of changes agreed at the next available opportunity.

The Chief Executive has authority:

- To appoint and dismiss all employees except where this function is specifically delegated to Members.
- To approve changes to the terms and conditions of all SLT posts and the post of Monitoring Officer on the recommendation of the Appointments Panel or the Appointments Committee or on his / her own initiative and having obtained the agreement of the Leader of the Council. The exception to this authority is the post of Chief Executive. All decisions taken by the Chief Executive on such matters will be the subject of a

formal Officer Decision which will be published on the Council's website as soon as it is confirmed.

- After having sought the agreement of the Leader, and after appropriate consultations, to agree:
  (a) acting up arrangements into SLT positions (other than that of Chief Executive) to cover periods of temporary absence either planned or unplanned
  (b) emergency cover arrangements for the statutory chief officer roles (other than that of Chief Executive) where these positions become vacant between Full Council meetings. Any such agreement will be subject to review and confirmation at the next available Full Council meeting
  (c) the recruitment of interims at SLT level in accordance with the requirements of section 11 of this Statement.

NB Only Full Council may approve acting up or temporary cover arrangements for the role of Chief Executive.

Before making decisions in relation to the staffing structure or individual posts, the Chief Executive is required to consider:-

- the views of the relevant Cabinet Member, the Chairman of the HR Policy Committee and the Opposition Spokesperson, and, as appropriate:-
- the outcome of job evaluation,
- any data/advice/evidence or views collected from appropriate sources, including: the Council's HR function; National and/or Regional Employers' Organisations; independent external pay data
- the needs of the business to recruit and retain senior officers;
- the performance of individual SLT Officers
- the requirements of the PPS and
- fluctuations in the local and national job market.

The Chief Executive has authorised other officers to appoint and dismiss staff Grades 4 and below (with the exception of the Monitoring Officer), in line with normal Council appointments processes.

SLT Officers are subject to the same terms and conditions as other employees in respect of termination of employment. The only exception is that SLT Officers and the Monitoring Officer are subject to modified disciplinary procedures as outlined in this Statement and in the Council's Constitution.

9. Chief Executive Remuneration relative to other Council employees

The recommendation of the Hutton Report into "Fair Pay in the Public Sector", as recognised by the Government in the Local Government Transparency Code 2015, was that the Council should publish the pay ratio of the salary of the Chief Executive compared to the median average salary in the organisation.

As at 1st December 2016, the ratio of the pay of the Council's median earner (£23,398) to that of its Chief Executive (£156,075) was 1: 6.7.

10. Pay Policy upon Appointment to posts below SLT level

Internally Appointed Candidates
On promotion an officer must be appointed to the spot pay point or the minimum point on the scale, whichever is applicable. If there are special circumstances where it is considered that an increase in excess of the minimum is merited then it will be necessary to consult the Director of HR and OD (or their nominated representative) and this must be done before any formal offer is made to the candidate.

Externally Appointed Candidates
The starting salary of an externally appointed candidate would normally be the spot pay point or the minimum point on the scale, whichever is applicable. However, the Council could pay a point within the incremental scale if the candidate is already paid on a higher salary or where their experience is beneficial to the Council. Should there be any doubt about repercussions elsewhere, the Director of HR and OD (or their nominated representative) should be consulted.

Transferred Officers
Where employees move between operational areas on the same grade with an incremental scale, no increment is payable at the time of transfer. The service is regarded as continuous for the purpose of annual incremental advancement. Therefore, where an officer's salary on 1 April following appointment, promotion or re-grading would be less than one spinal column point of their old salary the officer shall be entitled to their first increment on 1 April.

Promotion or Re-grading
On promotion within the Council to a post on a grade with an incremental scale, and which carries a higher maximum salary than their previous grade, or on the re-grading of their existing post based on increased duties and responsibilities, the officer shall be paid a salary in accordance with the new grade which is at least one spinal column point in excess of the salary they would have received on the old grade on the day of appointment, promotion or re-grading.

11. Appointment of Agency Interims at SLT level

Where the Council is unable to permanently recruit officers at the most senior level, there could be a requirement for that substantive post to be covered by an interim appointment. Interims will be supplied to the Council through a supplier to deliver the required cover.

The Council has various supplier options to supply interims in adherence with Procurement and Financial Regulations.

An interim’s term of employment and contract is direct with the supplier and not the Council. The interim shall be solely responsible for complying with legal requirements including the payment and accounting of taxes. In addition, the supplier should make the relevant declaration and checks in order to satisfy themselves that the interim abides by the relevant UK tax law.

Having obtained the agreement of the Leader of Council, the Chief Executive will approve the recruitment of interims at SLT level on a case by case basis and based on a business case presented by the Appointments Panel which takes into account:

- value-for-money for the taxpayer
- the evaluated grade of the post to be covered
- the public profile of the post
- risks to the Council
- the labour market, both nationally and locally in the South West, for interims providing cover for similar posts in councils of a similar size

Interims will be supplied to the Council in accordance with its Contract Standing Orders, relevant Procurement, Legal and Financial Regulations.

The Appointments Committee will interview candidates for interim appointments at SLT level to assess their suitability for the role and will confirm appointments.

SLT level interim appointments will be subject to formal review by the Chief Executive at the end of six months and at six monthly intervals thereafter to assess whether there is a requirement to retain their services. The original Appointments Committee will be consulted where the Chief Executive proposes to extend the engagement of an interim. The final decision on the extension of an interim rests with the Chief Executive.

Appointment of Agency Interims below SLT level

All interim appointments below SLT level will be sourced by the relevant SLT Officer or the Chief Executive where an SLT Officer is unable to act.

If this interim is to be employed at a rate of over £500 per day:

- The appointment will be subject to a formal review process at the end of the first six months and six monthly thereafter; and
- Any decision to extend the engagement of such an interim will require the approval of the Chief Executive.

All other interim appointments will be subject to a formal review process at the end of the first six months and six monthly thereafter and the decision to extend the engagement of such appointments rests with the relevant SLT Officer.

12. Recruitment and Retention Allowances

External recruitment and internal retention problems are tackled by temporarily increasing the total pay awarded to a post, when it can be shown that the pay on the evaluated grade is significantly lower than competitors' rates of pay.

The payment of an allowance is temporary and will not be renewed if a review finds evidence that demonstrates the payment of the allowance is no longer justified.

An allowance forms part of an employee's pay (all the salary, wages, fees and other payments paid to them for their own use in respect of their employment) and as such is pensionable. An allowance is expressed as a cash lump sum, pro-rata to the contracted hours, and is not subject to annual cost of living/inflation pay awards.

Approval of recruitment and retention allowances in respect of:

- SLT posts and the Monitoring Officer post (with the exception of the post of Chief Executive) shall be determined by the Chief Executive following consultation with the Leader of Council and on the recommendation of the appropriate Appointments Panel in relation to new appointments
- The post of Chief Executive will be agreed by Full Council
- All other posts shall be determined by the Director of HR and OD, following a business case presented by the manager and having consulted with a group of senior managers.

13. Travel and Subsistence

The Council's intention is that employees should not be financially disadvantaged in going about its business and that they are fairly compensated for expenditure incurred. However, managers and employees are expected to organise journeys in the most efficient and effective manner possible and, in submitting claims, to adopt a reasonable approach.

SLT Officers are subject to the same policies as all other staff. Expenses paid to SLT Officers are published in the Annual Statement of Accounts.

14. Reimbursement of Fees

The Council will meet the cost of:-

- Practising Certificate required by Solicitors employed by the Council.

- Annual cost of membership of ARCUK required by practising Architects employed by the Council.

The Council will not pay fees and subscriptions payable by the Chief Executive and other Officers, to professional qualification bodies and local government based societies and associations.

Fees and subscriptions payable by the Chief Executive and SLT Officers to associations that are inter-Council networking organisations (as distinct from subscriptions to professional bodies) should be reimbursed subject to individual cases being approved by the Chief Executive and Director of HR and OD in consultation with the relevant Cabinet Member.

Where Committees consider that the Council may derive benefit by such officers attending meetings/working parties of local government based societies/associations travelling and subsistence expenses incurred may be reimbursed subject to prior approval.

15. Additional Payments

Allowances are paid in line with NJC terms and conditions (Green Book), or by local agreements where relevant.

Any allowances paid to SLT Officers are disclosed in the Annual Statement of Accounts.

The Council has no policy for making benefits in kind.

16. Salary Protection for Redeployed Employees at Risk of Redundancy

This applies to all staff (excluding Officers on Grade 8 and above - please see below).

Protection will not apply to redeployed employees with less than two years local government service.

Salary protection arrangements will be for a period of three years during which annual cost of living pay increases and incremental progression will be awarded.

At the end of this period the substantive grade of the new post will be applicable.

It should be noted that salary protection is in place to ease the financial implications on those being redeployed and does not extend beyond salary.

As from 1st April 2014, Officers on Grades 8 and above receive one year's frozen pay protection.

17. Pension

All employees are eligible to join the Local Government Pension Scheme ("LGPS"). The Redundancy & Efficiency Compensation Policies and Flexible Retirement Policy apply to all staff. The Council has determined and published policies around the discretions available under the LGPS. The Council makes no enhancements or increases to individual pension benefits.

The Council applies its discretion under the regulations of the LGPS to allow employees aged 55 and over who are members of the LGPS to request payment of early retirement benefits whilst remaining in the Council's employment on reduced hours/lower grade. This does not apply to employees who are receiving a redundancy payment and early pension benefits or who are taking early retirement in the interests of the efficiency of the service.

Re-engagement of employees who are in receipt of a Local Government Pension should be through Somerset Staffing or Reed Recruitment.

The Council may re-employ employees who have been made redundant whether through voluntary, compulsory or early retirement.

Managers who are employing an employee in this category should ensure that the usual selection processes are applied.

Employees should be advised that they should not earn in excess of the combined pension and salary of their new post. Otherwise their pension will be abated.

A number of employees have transferred to the Council under a specific staff transfer arrangement which allowed them to continue membership of the NHS pension scheme. The Council makes contributions on their behalf and complies with Pension Legislation in respect of the NHS scheme.

18. Settlement Agreements

In exceptional circumstances to avoid or settle a claim or potential dispute, the Council may agree payment of a settlement sum on termination.

All cases must be supported by a business case and take account of all legal, financial, contractual and other responsibilities.

Aside from the provisions in section 8, all settlement payments on termination of the contract of a post require the approval of the relevant SLT Officer.

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Somerset County Council

County Council
– 21 February 2018

Requisitioned Item

Cabinet Member: Cllr David Hall, Cabinet Member for Resources and Economic Development
Division and Local Member: All
Lead Officer: Julian Gale - Strategic Manager, Governance & Risk
Author: Julian Gale, Strategic Manager - Governance & Risk
Contact Details: (01823) 359047

1. Single Use Plastic

1.1 This item has been brought forward before Council jointly on behalf of the Conservative and Green groups. The proposer and seconder are to be confirmed.

1.2 This Council resolves to ask the Cabinet Member for Resources to:

1. Work with partners, suppliers and customers to develop a strategy and timetable to make Somerset County Council (SCC) a ‘single-use-plastic-free’ authority, specifically the phasing out of sales and use of Single Use Plastic (SUP) bottles and other SUP products across all premises and events.

2. Present the strategy and timetable to the Scrutiny Committee for Policies and Place before consideration at Full Council in November 2018.

3. Actively encourage the institutions, businesses and residents of Somerset to adopt similar measures.

4. Lobby the Somerset MP’s for national legislation on reducing the use of SUP’s.

5. To actively encourage additional plastic recycling facilities through the Somerset Waste Partnership.

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Somerset County Council

County Council
– 21st February 2018

Report of the Chief Executive

Division and Local Member: N/A
Lead Officer & contact: Pat Flaherty, Chief Executive
Contact Details: 01823 359022

1. Summary

1.1. This report brings forward recommendations for:

(a) A change in the appointment of the Council's Monitoring Officer. This change is initially for a 2 year period to coincide with the appointment of the County Council as the administering authority for the Heart of the South West Joint Committee.
(b) The appointment of a post-holder to fill the newly established statutory role of Data Protection Officer.

The report also includes for information confirmation of a decision taken by the Chief Executive under delegated authority from the Council to agree a 6 month leave of absence from Council duties for Cllr Linda Oliver.

1.2. The statutory officer appointments have been brought to Full Council for confirmation because only Full Council has the power to allocate these roles to appropriate post-holders.

2. Recommendations

2.1 Council is recommended to nominate:

(a) The post of Service Manager (Executive) – currently held by Scott Wooldridge - as the Council's Monitoring Officer initially for a two year period and to be reviewed in advance of the February 2020 Council meeting;
(b) The post of Service Manager – Information Governance – currently held by Peter Grogan – as the Council's Data Protection Officer with effect from 25th May 2018 – a new statutory post as defined by the EU General Data Protection Regulation 2016 (Articles 37-39).

Council is also asked to note the action taken by the Chief Executive in agreeing a six month leave of absence from Council duties for Cllr Linda Oliver.

3. Background

Monitoring Officer

3.1 In February 2013 the Council agreed to the following allocations of the roles of Monitoring Officer and Deputy Monitoring Officer.

Monitoring Officer – the post of Strategic Manager, Governance and Risk – held then and now by Julian Gale

Deputy Monitoring Officer – the post of County Solicitor – held then and now by Honor Clarke.

These allocations followed a management restructuring and brought certainty to these appointments following temporary allocations of the roles during the restructuring process.

3.2 These posts have traditionally worked in tandem to cover the Monitoring Officer role. However, legally the Council can only have a single named officer in the role. Council in agreeing the allocations in 2013 agreed that they reflected the day to day operating arrangements of the Strategic Manager, Governance and Risk focusing on predominantly constitutional issues and the County Solicitor working alongside the Monitoring Officer as the chief legal adviser to the Council. The post-holders share the workload in relation to complaints made against members. The arrangements have worked well in the five years since the Council decision but recent developments in partnership working require a different approach at this time.

3.3 Members will be aware of the recent decision to establish a Heart of the South West Joint Committee and the appointment of this Council as the Administering Authority to run the Committee for a two year period from January 2018. This followed two years of partnership working on devolution within Devon and Somerset during which our Chief Executive was the governance theme lead for the project. The work related to the allocation of this important role to SCC has fallen mainly on the post held by Julian Gale who has played a key role for the partnership during that period in developing governance options and proposals to support the project. Ultimately this has resulted in the establishment of the Joint Committee on 22nd January 2018. The 19 authorities in agreeing to establish the Joint Committee agreed unanimously to appoint this Council as the Administering Authority for the Joint Committee for the next two years.

3.4 This appointment means that Julian's main focus for the next two years will be on providing 'Monitoring Officer' support to the Joint Committee as it moves forward with the approval and delivery of the Productivity Strategy for the Heart of the South West area. An additional aspect of this role will be to provide governance capacity and expertise in the discussions with government over the devolution agenda. It is unreasonable to expect Julian to undertake this additional work as well as the statutory Monitoring Officer role for the Council during this period. Julian's primary focus therefore for the next two years will be on partnership working at the highest level but as an employee of the Council and in accordance with paragraph 3.5 below.

3.5 In the short term it is proposed that the Monitoring Officer role is allocated to the post of Service Manager – Executive, Scott Wooldridge. Scott is one of Julian's two deputies covering both decision making and risk and is well positioned to take on the Monitoring Officer role for the period in question. The post of County Solicitor will continue to hold the Deputy

Monitoring Officer role and work alongside the Monitoring Officer. This will provide an important link back into the Council for the Joint Committee's governance arrangements and will give Scott access to Julian's knowledge and expertise on governance and constitutional matters.

3.6 For the period in question Julian's role will be amended to focus on partnership governance - as Strategic Manager – Partnership Governance - and he will be accountable to the Chief Executive as the Monitoring Officer and governance lead/lead officer for the Joint Committee and its supporting groups. He will continue to exercise the Monitoring Officer role for the Avon and Somerset Police and Crime Panel and should progress be made on establishing the Somerset Rivers Authority as a separate precepting authority Julian will be the lead officer for developing appropriate governance arrangements. Importantly, Julian will retain his links to the Democratic Services Team and will act in an advisory role to the Monitoring Officer on local authority governance and constitutional arrangements to support lawful, efficient and transparent decision making.

3.7 In the event that the role supporting the Joint Committee ends before the two year period is up then the position in relation to the Monitoring Officer position will be reviewed and a further report brought before the Council as necessary.

Data Protection Officer

3.8 There is a new requirement to nominate a post-holder to the statutory role of Data Protection Officer. This is required under EU-GDPR Section 4 Articles 37 – 39, specifically Article 37 (a) but other Articles (b) and (c) also support the appointment

37.1 The Controller and the processor shall designate a data protection officer in any case where:

a) The processing is carried out by a public authority, except for courts acting in their judicial capacity…..

3.9 This new requirement follows a new regulation coming into force on the 25th May 2018 as part of the European Union harmonising data protection legislation across Europe.

3.10 The Service Manager - Information Governance post currently held by Peter Grogan is the appropriate post to hold this role within the organisation and hence the recommendation at paragraph 2.1 (b).

Leave of absence – Cllr Linda Oliver

3.11 This section of the report details a decision taken by the Chief Executive under delegated authority from the Council and which requires him to outline the decision for information to the next available meeting of the Council.

3.12 On the 21st December 2017 the Chief Executive approved a six month leave of absence from Council duties for Cllr Linda Oliver for personal reasons and to take effect from 1st January 2018. All members were informed of this decision.

4. Consultations undertaken

4.1. As detailed in the report.

5. Implications

5.1. Legal and Business Risk:

The appointments proposed in this report will ensure the Council's compliance with the requirements to have posts allocated to the key statutory officer roles. There would be a significant legal risk to the Council in not having posts nominated to these statutory positions.

The risk of legal challenge and reputational damage will be high if Council fails to adopt adequate arrangements to ensure high standards of governance and probity amongst members and officers.

One key issue that will be kept under review is capacity within the Democratic Services Team. There needs to be sufficient capacity at all levels within the team to maintain high quality services to the Council and key partnerships in accordance with the required governance requirements. Additional senior officer capacity has recently been recruited in support primarily of the Police and Crime Panel and additional administrative support has been recruited in particular to support the Chair of Council and Julian Gale. The options for further increasing senior officer capacity within the team are currently being explored.

5.2. Financial: The changes outlined to the allocation of the Monitoring Officer role and associated posts are subject to the job evaluation process. Additional income to the team has resulted from taking on the administering authority roles for the Joint Committee and the Police and Crime Panel and it is intended to cover any additional costs from these income streams.

5.3. Other Impacts: The Council's duty under Section 149 of the Equality Act 2010 is to have "due regard" to the matters set out in relation to equalities when considering and making decisions on the provision of services. There are no direct impacts of these recommendations on the provision of services. There are no direct impacts on sustainability, health and safety, community safety or privacy aspects as a result of this proposal.

6. Background papers

6.1. None.

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

Somerset County Council

County Council
– 21 February 2018

Report of the Leader and Cabinet – Items for Information
Cabinet Member: Cllr David Fothergill – Leader of the Council
Division and Local Member: All
Lead Officer: Scott Wooldridge – Governance Manager, Democratic Services
Author: Scott Wooldridge - Governance Manager
Contact Details: 01823 357628

1. Summary

1.1. This report covers key decisions taken by the Leader, Cabinet Members and officers between 15 November 2018 and 12 February 2018, together with the items of business discussed at the Cabinet meetings on 13 December 2017, 17 January 2018 and 12 February 2018. The Leader and Cabinet Members may also wish to raise other issues at the County Council meeting.

2. Details of decisions

2.1. Agenda and papers for the Cabinet meetings on 13 December 2017, 17 January 2018 and 12 February 2018 are published within the Cabinet webpages on the Council's website. Individual Leader, Cabinet Member and Officer key decision records and related reports are also published within the Cabinet webpages on the Council's website.

LEADER OF COUNCIL (Customers and Communities) *– Cllr David Fothergill*		
Item	**Date of Meeting**	**Summary of Decision**
No decisions		

RESOURCES AND ECONOMIC DEVELOPMENT *– Cllr David Hall*		
Item	**Date of Meeting**	**Summary of Decision**
Quarter 3 2017/18 Capital Budget Monitoring Report	12 February 2018 by Cabinet	SUMMARY OF DECISION: This report outlined the Council's Capital Investment Programme position for the third quarter of the 2017/18 financial year. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Quarter 3 2017/18 Revenue Budget Monitoring Report	12 February 2018 by Cabinet	SUMMARY OF DECISION: The purpose of this report was to update members on the current Revenue Budget forecast outturn position for the 2017/18 financial year based on the end of November (Month 8). ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Retendering for insurance cover for all external policies	12 February 2018 by Cabinet	SUMMARY OF DECISION: Cabinet was asked to approve the appointment of the successful tenderers following an OJEU procurement process for a wide range of insurance covers. Somerset County Council's external insurance covers (premium) are due for renewal from 1st April 2018. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report

RESOURCES AND ECONOMIC DEVELOPMENT – Cllr David Hall		
Item	**Date of Meeting**	**Summary of Decision**
Proposed disposal of land and buildings at Sandy's Moor, Wiveliscombe	15 January 2018 by the Cabinet Member for Resources and Economic Development	SUMMARY OF DECISION: A decision to sell parts of the County Council's (SCC) land and buildings at the Sandys Moor site in Wiveliscombe. The site is to be sold for a) residential development and b) local business development. Proceeds of sale to be reinvested into meeting the Council's priorities. Two areas of the site were proposed to be retained to provide the location for the Wiveliscombe Enterprise Centre (WEC) and for future strategic or development potential ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Low Carbon Hub – Somerset Energy Innovation Centre – Building 2 (2,000 sq m)	21 December 2017 by Director of Commissioning for Economic and Community Infrastructure	SUMMARY OF DECISION: Phase 2 of the SEIC development ("SEIC 2") will deliver a separate building of approximately 2,000m2 of flexible office, meeting, and light industrial/technology workspace funded by the Heart of the South West Local Enterprise Partnership ("HotSW LEP") Growth Deals 1 and 2 ("GD 1 & 2"), European Regional Development Fund ("ERDF") and SCC funding. Agreement of this decision to accept ERDF funding completed the funding package to deliver SEIC 2. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Hinkley Point C – Variation to Construction Traffic Management Plan and New Deed of Development Consent	18 December 2017 by the Cabinet Member for Resources and Economic Development	SUMMARY OF DECISION: EDF Energy requested a tempory increase to the quarterly average daily cap of HGVs in relation to the Hinkley Point C development from 500 to 750 movements per day (Monday to Saturday) until the end of September 2019 when the jetty is expected to be fully operational. This required changes to the Hinkley Point C Construction Traffic Management Plan. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

RESOURCES AND ECONOMIC DEVELOPMENT – Cllr David Hall		
Item	**Date of Meeting**	**Summary of Decision**
Obligations (S106 agreement)		REASONS FOR DECISION: As set out in the officer report
Library Service Redesign – Strategy	23 November 2017 by the Cabinet Member for Resources and Economic Development	SUMMARY OF DECISION: This report recommended a proposed vision and strategic direction of travel for the Library Service for the medium term. An analysis of potential delivery models was included as an appendix and the report recommended that an in-house service delivery model be retained for the next three years. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report

HIGHWAYS AND TRANSPORT – Cllr John Woodman		
Item	**Date of Meeting**	**Summary of Decision**
Decision to conclude the award of a contract for the provision of highway improvements at Colley Lane Southern Access Road	13 December 2017 by Cabinet	The Colley Lane Southern Access Road (CLSAR) scheme has been in development for in excess of 10 years The procurement process has now been completed and this decision was taken to award the contract.
Award of contract for fleet maintenance services	25 January 2018 by the Lead Director for Economic and Community Infrastructure	SUMMARY OF DECISION: To create a four-year Framework Agreement for Fleet Maintenance and Body Repair services in two additional lots. The purpose behind this was to break down the fleet of vehicles in to more manageable chunks for services to be delivered utilising supplier's existing premises within the relevant locality to ensure that the Council's approach was not being restrictive to the market by asking SMEs to deliver a prohibitive amount of work but would also allow companies to tender for multiple lots if their infrastructure allowed for this capacity.

HIGHWAYS AND TRANSPORT – Cllr John Woodman		
Item	**Date of Meeting**	**Summary of Decision**
		The incumbent contractor, Skanska, tendered the most economically advantageous offer across all Fleet Maintenance Lots (1-5) however no compliant bids were received for either of the body repair lots. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
West Somerset Railway – Funding of Phase two of the level crossing upgrade at Seaward Way, Minehead	18 January 2018 by the Cabinet Member for Highways and Transport	SUMMARY OF DECISION: Seaward Way Crossing was constructed in 1992 (after the railway line was leased to West Somerset Railway (WSR) Plc on 1st May 1989 ("the Lease")) necessitating the construction of the level crossing for the new highway. The level crossing design was appropriate for the standards and volume of traffic at that time. However, it is now at the end of its serviceable life and no longer meets the required standards, particularly given the increased traffic volumes on Seaward Way. A replacement crossing must be designed and constructed to current standards. The total cost of Phase Two is anticipated to be approximately £850,000. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Award of specialist traffic signals contract	20 November 2017 by the Cabinet Member for Highways and Transport	The Traffic Control Unit have been procuring the specialist traffic signal services from multiple providers for many years on an adhoc basis with known industry providers. The decision was taken to formalise this process and to test the market conditions to ensure the authority is receiving the best value and quality.

CHILDREN AND FAMILIES – Cllr Frances Nicholson		
Item	**Date of Meeting**	**Summary of Decision**
Development of a Family Support Service to Somerset – Phase 1	12 February 2018 by Cabinet	SUMMARY OF DECISION: This report and its sister paper set out the approach to developing and implementing 'early help hubs', now renamed Family Support Service, which will include multi-agency services operating in local communities across Somerset.

CHILDREN AND FAMILIES – Cllr Frances Nicholson		
Item	**Date of Meeting**	**Summary of Decision**
		ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Family Support Service – Phase 2 Delivery April 2019 onwards	12 February 2018 by Cabinet	SUMMARY OF DECISION: The decision set out the proposal for a locality approach, providing health and wellbeing and early help for children and young people aged 0-19 and their families (up to 25 years for children with additional needs). ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Proposed new secondary provision for Selworthy School on the former St Augustin's School site	12 February 2018 by Cabinet	SUMMARY OF DECISION: Following the merger and relocation of the (former) St Augustine of Canterbury School with Ladymead School to the new Taunton Academy, the St Augustine's site and buildings have been vacant. The Capital investment Programme 2017 /18 approved the provision of a new specialist secondary provision (Hazelbrook Campus) on the former St Augustine's site as an expansion of Selworthy School, Taunton in order to meet demand for additional school places for children with SEND. This paper sought approval for Somerset County Council to appoint Willmott Dixon through the Scape Framework and to proceed with the delivery of the secondary provision for Selworthy School for September 2019 at a gross maximum expenditure of £9m approved as part of the Authority's Capital Investment Programme 2017/18. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Admission Arrangements for Voluntary Controlled and	12 February 2018 by Cabinet	SUMMARY OF DECISION: This report sought authority for Cabinet to determine the Local Authority admission arrangements for all Voluntary Controlled and Community schools for 2019/20 as required by the School Admissions Code and associated legislation.

CHILDREN AND FAMILIES – *Cllr Frances Nicholson*		
Item	**Date of Meeting**	**Summary of Decision**
Community School for 2018/19		ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
West Somerset Opportunity Area	24 January 2018 by the Cabinet Member for Children and Families	SUMMARY OF DECISION: The West Somerset Opportunity Area Programme is a key part of the Governments priority of tackling low social mobility and improving opportunities for young people across the country. Twelve areas with both poor social mobility and schools that face challenges will receive a share of £72 million to boost opportunities for young people in these communities. West Somerset is 324th out of 324 Council areas in the social mobility index. Funding is dependent on plans agreed by the Secretary of State; the first allocation for 2017/18 is £700k. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Yeovil Milford SEN Extension, Structural repairs and provision of new modular nursery building	18 January 2018 by the Cabinet Member for Children and Families	SUMMARY OF DECISION: Due to the concurrent timescales for delivering the above works, it was proposed to award a single contract for the delivery of the early years, SEN and structural repair works. The paper sought approval to award the contract to Kier via the Scape (Minor Works) Framework. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Prescribed Alteration to Selworthy School -	6 December 2017 by the Cabinet Member for	SUMMARY OF DECISION: Following a 5-week period of statutory consultation and consideration of the responses, Officers required a decision to implement a proposed ‘Prescribed Alteration’ at Selworthy School, Taunton.

CHILDREN AND FAMILIES – *Cllr Frances Nicholson*		
Item	**Date of Meeting**	**Summary of Decision**
Implementation	Children and Families	The expansion will deliver an additional 60-80 places and meet projected demand for the next 10-15 years. The new building will be designed in a way which allows future expansion. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Award of Contract for the provision of a 3 classroom block at Court Fields School, Wellington	6 December 2017 by the Cabinet Member for Children and Families	SUMMARY OF DECISION: The current published forecasts suggest that pupil numbers at Court Fields School, Wellington will increase beyond its current net capacity of 860. From 2021 onwards the numbers rise from 865 to 921 so the school will need additional space. In addition these published forecasts do not include all the housing in the pipeline. The Local Authority secured Section 106 funding from 2 housing developments in Wellington (Westford Plastics and Cades Farm). The amounts are time limited and are required to be spent by November 2019. In light of the spend deadline and the published forecasts, Commissioners issued instructions to proceed with the provision of a 3 classroom block at Court Fields School, Wellington as a matter of urgency. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
The transfer of Educational services within North Somerset to SCC's Support Services for Education	6 December 2017 by the Cabinet Member for Children and Families	SUMMARY OF DECISION: In response to recent ongoing changes to the responsibilities of councils in relation to Education and the withdrawal of the Education Services Grant, North Somerset Council (NSC) considered new options for the delivery of their traded education services and other statutory and non-statutory education provision. On the 25th April 2017 NSC Executive Board agreed in principle, to transfer a number

CHILDREN AND FAMILIES – *Cllr Frances Nicholson*		
Item	**Date of Meeting**	**Summary of Decision**
		of education support services, to Somerset County Council (SCC) from April 2018 and authorised officers to proceed to a detailed negotiation phase. The Board also agreed in principle, to commission residual statutory and non-statutory education support services, from SCC (see Appendix 1). This report recommended that we proceed with the transfer of inscope services and staff from NSC to SCC in accordance with the recommendations detailed in the report, which are consistent with those made by NSC Executive. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Implementation of the National Funding Formula for Schools and High Needs	13 December 2017 by Cabinet	SUMMARY OF DECISION: This paper summarised the approach being recommended to Cabinet by Somerset Schools Forum in relation to the National Funding Formula (NFF) for Schools and High Needs for 2018/19. This decision was required to enable the local authority to arrive at Schools and High Needs funding allocations for 2018/19, as recommended by Somerset Schools Forum and in adherence to Schools and Early Years Financial Regulations. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
South West Peninsula Framework Contract for Independent Fostering	17 January 2018 by Cabinet	SUMMARY OF DECISION: Since 2006 the council has collaborated with the Peninsula to purchase fostering placements from the independent sector. The current framework expires on 31st March 2018. A competitive tender exercise has been carried out, the deadline for which was 26th October 2017, and Independent Fostering providers have submitted bids for admission to the new framework. The new framework will commence on 1st April 2018 for a period of 4 years. The Peninsula framework will increase the supply of high quality, locally available placements in a family setting. In order to achieve positive outcomes for vulnerable

CHILDREN AND FAMILIES – Cllr Frances Nicholson		
Item	**Date of Meeting**	**Summary of Decision**
		children and young people, there is a focus on supporting placement stability and permanence for children and young people. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Confirmation of National Funding Formula for Schools and High Needs	17 January 2018 by Cabinet	SUMMARY OF DECISION: This paper provided confirmation of overall Dedicated Schools Grant funding for Somerset following final publication by the DfE, including the delegated schools budget and the High Needs provision for 2018/19, following the approach recommended by Schools Forum on 21 November 2017 and approved at Cabinet on 13 December 2017 (see background papers below). ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Prescribed Alterations to Holway Park Community Primary School - Implementation	7 February 2018 by the Cabinet Member for Children and Families	SUMMARY OF DECISION: As a result of the findings of a Thematic Review of Special Educational Needs & Disability (SEND), the Local Authority produced a number of themed workstreams to improve the SEND offer across Somerset. Theme 3 deals with SEND infrastructure and one workstream was to develop capacity to meet future demand. Taunton does not currently have a primary-phase ASD Resource Base. The introduction of this new base will deliver up to 14 places and prevent children having to be educated in ASD bases elsewhere or in special schools. The ASD Resource Base at Oaklands Primary School has been running for a number of years but has only recently been transferred to the management of the school. This decision was required to formally register the base with the school. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

CHILDREN AND FAMILIES – *Cllr Frances Nicholson*		
Item	**Date of Meeting**	**Summary of Decision**
		REASONS FOR DECISION: As set out in the officer report
Heathfield School, Taunton – Award of Contract for the Proposed ASD base	7 February 2018 by the Cabinet Member for Children and Families	SUMMARY OF DECISION: The expansion of ASD Resource Base provision at Heathfield School follows the strategy being implemented elsewhere around the county to deliver 14 primary and 20 secondary ASD (Autistic Spectrum Disorder) Resource Base places in our three main towns (Bridgwater, Taunton and Yeovil). This paper sought approval to proceed with the remodelling of the former West Monkton Primary School site to create an enlarged 20 place secondary-phase ASD (Autistic Spectrum Disorder) Resource Base for September 2018 at a gross maximum project cost and for the remodelling work to be undertaken as a variation of the novated contract between SCC and Halsall Construction Ltd. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
Proposed ASD base at Holway Park Primary School, Taunton	7 February 2018 by the Cabinet Member for Children and Families	SUMMARY OF DECISION: As there are currently no primary-phase ASD (Autistic Spectrum Disorder) Resource Bases in the Taunton area the proposal is to provide a new base for up to 14 children at Holway Park Primary School, Taunton. Because of the limited time available to carry out the works it is vital that the successful contractor should begin mobilisation in the week commencing 19/2/18 (one week after the date planned for the conclusion of the procurement procedure). To avoid delay this decision was submitted for approval in advance and is conditional on the successful conclusion of the procurement. This paper therefore sought approval to award a contract at a gross maximum project cost. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report

***PUBLIC HEALTH AND WELLBEING** – Cllr Christine Lawrence*		
Item	**Date of Meeting**	**Summary of Decision**
Public Health savings 2018 and 2019 for health visiting services	20 November 2017 by the Cabinet Member for Public Health and Wellbeing	The public health grant was reduced from £23,201,000 in 2015/16 to £20,178,000 by 2020/2021. This paper sets out the plan to make the necessary savings from the Health Visiting budget in 2018/19 and 2019/20, to balance the public health budget

***CORPORATE AND COMMUNITY SERVICES** – Cllr Anna Groskop*		
Item	**Date of Meeting**	**Summary of Decision**
No decisions		

***ADULT SOCIAL CARE** – Cllr David Huxtable*		
Item	**Date of Meeting**	**Summary of Decision**
No decisions		

***Cross cutting** – all*		
Item	**Date of Meeting**	**Summary of Decision**
CDS Superfast Extension Programme (SEP) Phase 2: decision to accept further grant funding	19 December 2017 by Director of Commissioning for Economic and Community Infrastructure and the Director of Finance and Performance	SUMMARY OF DECISION: This decision provided for the acceptance of further grant funding from the Department for Culture Media and Sports (DCMS) and the consequential amendment to the grant funding agreement with DCMS. This decision also allowed for additional funding to be introduced into the contracts for Lots 2, 3, 5 and 6 and for amendments to the contracts to reflect this. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

***Cross cutting** – all*		
Item	**Date of Meeting**	**Summary of Decision**
		REASONS FOR DECISION: As set out in the officer report
iAero (Yeovil) Aerospace Centre (2,500 sq m) Acceptance of Growth Deal Funding	13 December 2017 by Director of Commissioning for Economic and Community Infrastructure and the Director of Finance and Performance	SUMMARY OF DECISION: This report sought a number of decisions to enable the Council to progress the development of the iAero (Yeovil) Centre project to support research, development and innovation in aerospace and other associated high value design technologies. The iAero (Yeovil) Centre will be a new, purpose built facility that will provide a total of 2,685m2 of flexible office, light industrial workshop, meeting and supporting innovation and collaboration space and an ancillary building to provide storage. The project also includes research, development and innovation support services to ensure that Somerset Small and Medium Enterprises (SMEs) are better equipped to engage in collaborative working and innovation. ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report REASONS FOR DECISION: As set out in the officer report
County Hall A Block – Priority 1 repairs and maintenance	20 November 2017 by the Commercial and Business Services Director	This decision enabled SCC to mitigate the significant risk of boiler failure affecting A Block, C Block and Shire Hall in time for winter 2018. It does not deliver the full repairs and maintenance needs for A Block, but provided a sustainable heating solution for the County Hall campus. This decision recommended urgent investment in A Block's infrastructure to keep buildings on the County Hall campus and the Ministry of Justice services at Shire Hall functioning.

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Report of the Scrutiny for Policies, Adults and Health Committee

Chairman: Cllr Hazel Prior-Sankey
Division and Local Member: All
Lead Officer: Julian Gale – Strategic Manager – Governance and Risk
Author: Jamie Jackson – Governance Manager - Scrutiny
Contact Details: 01823 359040 jajackson@somerset.gov.uk

1. Summary

1.1 The Scrutiny for Policies, Adults and Health Committee is required by the Constitution to make an annual report to the Council each year and also to provide each other meeting of the Council with a summary progress report and outcomes of scrutiny. This report covers the meetings of 6 December 2017 and 24 January 2018.

1.2 The Committee agreed their work programme would comprise of items considered directly at meetings plus other items considered or 'commissioned', using flexible arrangements outside of the formal committee structure.

1.3 Members of the Council are reminded that:

- all Members have been invited to attend meetings of the three Scrutiny Committees and to contribute freely on any agenda item;
- any Member could propose a topic for inclusion on the Scrutiny Work Programmes;
- any Member can be asked by the Committee to contribute information and evidence and to participate in specific scrutiny reviews.

1.4 The Committee has 9 elected Members.

2. Background

2.1 Scrutiny Work Programme

At each meeting, the Committee considers and updates its work programme, having regard to the Cabinet's forward plan of proposed key decisions. Members appreciate the attendance of representatives and stakeholders from partner agencies.

2.2 6 December 2017

NHS 111 and GP Out of Hours Update
The first main item was a report updating members about the NHS 111 and GP Out of Hours services summarised the ongoing challenges with the services both provided by Vocare. Somerset Clinical Commissioning Group (CCG) Acting Director for Quality and Safety Deborah Rigby assured the meeting that provider was continuing to be held to account and were monitoring the situation closely. The CCG recognised there had been some progress from Vocare in implementing improvements but there remained significant concern about the quality of the

service. We noted the report and presentation and it was agreed that an update on the situation would be brought to the committee again soon.

NHS waiting times for Somerset patients
The next item was Somerset Clinical Commissioning Group's performance against key constitutional standards to the period ending September 2017 with the main focus on waiting times for patients. We were informed that Somerset CCG was not currently meeting a number of the key constitutional access standards including Referral to Treatment 18 week waiting times, A&E 4 hour to admission or discharge, diagnostic 6 week waiting times, 62 day wait to first definitive treatment following urgent GP referral. Taunton and Somerset NHS Foundation Trust had updated its RTT Remedial Action Plan and Somerset CCG is meeting the Trust on a monthly basis to review progress. We noted the report and asked for an update when there was further information to report.

Somerset Suicide Prevention Scrutiny report
We then considered a report and presentation about the Somerset Suicide Prevention Strategy. The Council through its health and wellbeing duties was responsible for ensuring that appropriate and sufficient local arrangements were in place to prevent suicide. The Suicide Prevention Strategy had been in place for ten years and had two objectives: To reduce the suicide rate in general population and to provide better support for those bereaved by suicide. There are six priority areas included in the action plan which is overseen by the Suicide Prevention Advisory Group. Some of the priority actions over the next 12 months were to refresh the Somerset Suicide Prevention Strategy, focus on self-harm reduction starting with young people, develop multi-agency response pathways and build suicide-safer schools and colleges. The Committee noted the report and it was noted that there would be an update to this reported to the Health and Wellbeing Board in about 6 months.

Adult Social Care Performance Report
We also received a report providing an update on Somerset's performance in Adult Social Care in comparison to national and comparator benchmarks. The report focused on the measures included in the Adult Social Care Outcomes Framework (ASCOF) and Delayed Transfers of Care (DToC). Further work was ongoing to improve Somerset's performance on DToC. In August 36.3% of delays were attributable to Adult Social Care. We noted the report.

Council Performance Report - End of September (Q2) 2017/18
We were provided with a report which gave an overview of the Council's performance across the organisation. It was noted that segment P1 on helping vulnerable and elderly people had moved from a red to amber status due to improvements. Processes and improved use of data to support performance improvement were now being used consistently across all teams. Management actions were in place for all performance targets and were being monitored closely. The implementation of the new management structure would help improve and strengthen the approach further. The Committee noted the report.

Terms of Reference for the Learning Disability Services Task and Finish Group
The Vice Chair explained the terms of reference for the Task and Finish group (T&F) covering composition, purpose and scope. The intention was to hear the voice of the customer and staff as well as to listen to Discovery's explanations and communications with staff and users. We agreed the Terms of Reference and

noted that they would receive the group's report at the committee meeting scheduled for 7 March. It was agreed that the Discovery Contract Performance Update report would also by the Task and Finish Group to analyse in further detail.

24 January 2018

Medium Term Financial Plan 2018/19
The first main item was a report updating members on the Medium Term Financial Plan, the 2018/19 Capital Investment Programme, and an overview on the provisional Local Government Finance Settlement. The total budget for Adults' services was £137m with proposed related savings of £3.4m to be made across a number of activities. Director of Adult Social Care Stephen Chandler explained the main way in which savings would be achieved was by continuing with the demand management approach adopted in the service model utilised in West Somerset over the past year and rolling this out across the county. The Public Health budget was £1.070m and the savings proposal for this was to reduce it by £107,000 through small reductions to a number of project budgets. Members asked for further detail on proposed savings for both adult social care and public health budgets and it was agreed this would be made available. We noted the report.

Somerset CCG Patient Safety and Quality Report
We then received a report updating members about the improvement work of the CCG to maintain and improve the quality and safety of health services in Somerset. Key points highlighted in the report included that Taunton & Somerset NHS Trust ranked as amongst the best nationally on several measures of the patient experience and Somerset Doctors Urgent Care (SUDC) service continued to be an issue of concern with no improvement in response times for initial triage and GP Out of Hours (OOH) care and treatment. The Out of Hours problems had been an issue for some time and was having knock on effects on other services but there were plans in place to bring about improvements. It was agreed that the Somerset Partnership NHS Foundation Trust Improvement plan covering children's issues should be reported to a future Scrutiny for Policies, Children and Families Committee meeting. We noted the report and asked for an update when there was further information to report.

Domestic Homicides Reviews
There was an update on Domestic Homicide Reviews - these considered the circumstances in which a death had occurred when it has been the result of harm perpetrated by an intimate partner/person or member of the same household. The Safer Somerset Partnership had overall oversight and responsibility for the reviews with the process of facilitating multi-agency participation being managed by Somerset County Council. Since 2011 a total of 10 reviews had been undertaken in Somerset. Lessons learned from Somerset DHRs included to have better communication and information sharing between agencies. We noted the system in place to carry out and implement recommendations from Domestic Homicide Reviews.

3. Consultations Undertaken

The Committee invites all County councillors to attend and contribute to its meetings.

4. Implications

The Committee considers carefully and often asks for further information about the implications as outlined in the reports considered at its meetings.

For further details of the reports considered by the Committee, please contact the author of this report.

5. Background Papers

Further information about the Committee including dates of meetings and agendas and reports from previous meetings, are available via the Council's website:

www.somerset.gov.uk/agendasandpapers

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

Report of the Scrutiny for Policies, Children and Families Committee

Chairman: Cllr Leigh Redman
Division and Local Member: All
Lead Officer: Julian Gale – Strategic Manager – Governance and Risk
Author: Jamie Jackson – Governance Manager - Scrutiny
Contact Details: 01823 359040 jajackson@somerset.gov.uk

1. Summary

1.1. The Scrutiny for Policies Children and Families Committee is required by the Constitution to make an annual report to the Council and to provide each other meeting of the Council with a summary progress report and outcomes of scrutiny. This report covers the work of the Committee's meetings in December 2017 and January 2018. Our first meeting in January was a joint meeting with our sister Scrutiny Committee for Policies, Adults and Health.

1.2. The main focus of our work programme will be to ensure the continuous improvement and delivery of the 7 priorities contained within the Children and Young Peoples Plan (CYPP). In this endeavour the Chairman has again suggested that each Member of the Committee volunteer to act as a 'champion' for each of the 7 programmes.

1.3. Our predecessor Committee were pleased to see continuing progress in many areas of the Council's improvement agenda for children and young people and our central focus will also be to constantly ask - What impact does that have on children in Somerset?

1.4. The Committee has 9 elected Members. We also have 7 co-opted members. We have 2 Church representative vacancies along with 1 Parent Governor vacancies and we are looking at ways to ensure those positions are occupied. We have retained our Schools Compact representative and a representative from the Schools Forum; our co-opted members have voting rights on education matters only. We look forward to once again hearing first hand testimony from front line staff who will we invite to attend and participate at our meetings.

1.5. Members of the Council are reminded that:

- all Members are invited to attend meetings of all the Council's Scrutiny Committees and to contribute freely on any agenda item;
- any Member could propose a topic for inclusion on the Scrutiny Work Programmes;
- any Member can be asked by the Committee to contribute information and evidence, and to participate in specific scrutiny reviews.

2. Background

2.1. Scrutiny Work Programme
As noted above the focus of our work programme will be the 7 priorities of the CYPP with practical work to support and challenge service improvement. The

Committee fully supported this at our first meeting of the quadrennium and we look forward to working with the Director of Children's Services (DCS) and other Officers to ensure topics dealt with during Scrutiny meetings support the improvement process.

Each of our future meetings will have specific agenda items to consider the work programme and this will allow members and officers to suggest items we should scrutinise in more depth. We are also very keen to enhance our ability to monitor our suggested outcomes and recommended actions to ensure these have been progressed, and to assist us in this we will continue to review our outcome tracker at every meeting to ensure this is meaningful.

2.2. 8 December 2017

Special Educational Needs and Disability (SEND)

Our first main agenda item was report that provided Members with a summary of progress made following a peer review of the Council carried out last May by Gloucestershire County Council, as part of the preparation for a Local Area Inspection of Special Educational Needs and Disability 0-25 (SEND 0-25) by OFSTED and the Care Quality Commission (CQC). We received a lengthy PowerPoint presentation from Officers in different areas that were involved in the delivery of the priority action plan including a former young person champion who was now a SEND Commissioning Officer. There was a thorough discussion of the progress being made and answers were provided to a number of questions. The report and presentation were accepted and the Chair expressed thanks on behalf of the Committee for the progress made so far. It was suggested and agreed that a further update be provided in the Spring.

Somerset Safeguarding Children's Board Annual Report

Our attention then turned to the Annual Report of the Somerset Safeguarding Children's Board (SSCB) that provided an overview on the effectiveness of child safeguarding and the promotion on the welfare of children in the local area. The Annual Report, a statutory requirement of the Children Act, offered of a transparent assessment of the performance and effectiveness of local services and identified where improvements were required. The report was introduced by Mrs Sally Halls, the Chair of the SSCB, who stated that the way the SSCB and its partners worked together to keep children safe in Somerset had improved over the past year. Many children and families were receiving more effective services, often at an earlier stage than previously. A DVD was shown which highlighted the outcomes of a Serious Case Review 'Operation Fenestra' which had focused upon a number of Somerset's children who had suffered serious harm as a result of being sexually exploited. Mrs Halls confirmed the SSCB did use learning from previous reviews and carried out audits to ascertain if recommendations had been embedded. Mrs Halls also noted that lots of problems discovered in other areas did not happen in Somerset. The SSCB was committed to developing improved multi-agency collaboration to progress that type of safeguarding work and to drive the strategy and action plan for the prevention of child sexual exploitation. We accepted the report.

Family Support Services

We then received a presentation to provide an overview of the headline figures from the recent public engagement exercise regarding the proposed changes to Family Support Services in Somerset. The next steps of the project were identified and it was noted there would be a workshop for those staff involved in the project/consultation to consider how the consultation feedback would affect the final proposals for main hub locations and associated impact assessments. In response to a question it was noted that Councillors although not invited to the workshop in December would be able to consider the draft proposals at the 26 January meeting of the Committee ahead of the Cabinet's meeting on 12 February 2018. We accepted the update.

Ofsted Inspection Update

Our final agenda item of 2017, perhaps appropriately, was an update from the Director of Children's Services (DCS) on the recent return visit of the Ofsted inspectors. Although the DCS noted the final report from the Inspectors would not be available until January, during their re-inspection of Somerset they had informally confirmed that significant progress made in improving services for vulnerable children. The Chair thanked the DCS for the update and also wished to record his and the Committee's thanks to all those Officers and others whose work across Somerset was making a real difference to the lives of children, young people and families. The update was accepted and the Chair closed the meeting wishing everyone a Merry Christmas and a Happy New Year.

2.3. 12 January 2018

Our first meeting of 2018 was a new experience for many Members as we held a Joint Meeting with the Scrutiny for Policies, Adults and Health Committee. Cllr Redman, Chair of the Joint Meeting reflected on the recent passing of Mr Campbell Main, Founder of Autism Somerset, who was a regular attendee at Scrutiny and Council meetings and would be missed.
Both Committees had chosen the theme of our joint meeting as focusing on 'mental health' and we began with an introductory overview on: Emotional Health & Well-Being needs for Children & Young People; and Commissioning Responsibilities with a discussion of the issues in each area.
Our attention was then drawn by colleagues in the Clinical Commissioning Group to: Transformation of Child and Adult Mental Health Service (CAMHS); and, Future in Mind – promoting, protecting and improving Children and Young People's Mental Health and Well-being. Both of these were very interesting and prompted a number of questions from members which were answered.
Officers from a variety of service areas then provided an overview of 4 specific areas and further information was relayed to us on: Perinatal & Infants; Schools – whole school; Children Looked After/Care Leavers; and, Transitions – Child to Adult Services, for Children with mental health needs. There was a wide ranging discussion and further information was requested on the numbers of those involved in Transitions from child to adult mental health services.
It was suggested and agreed that Councillors write letters in support of a funding application regarding Perinatal and Infants services and that Somerset MP's also be encouraged to support the request for additional resources.

2.4. 26 January 2018

Family Support Services

We began our second meeting of the month hearing questions and statements from members of the public regarding the proposed changes to Family Support Services. We agreed to move the order of our agenda items to consider Family Support Services first and the item comprised 2 reports; the first of which detailed the proposed development of the Family Support Service and was described as Phase 1. We felt that clear and concise information would need to be shared with all staff and service users. Although the evidence from Officers and contained in reports indicated that the Services offered would be improved as 'universal services' would be co-located and other services would be better targeted to service users, it seemed as if the de-designation of some Children's Centres in 2014 had left a residual mistrust and lack of confidence in the Council. We held a thorough discussion that encompassed the consultation exercise and the Council's response to the public feedback, outlining our concerns of a number of areas including: the perception that an alteration to the status and a reduction of the number of children's centres; the apparent disparity between the public feedback obtained during the public consultation and the Council's responses to those comments; the qualifications/skills of health professional and if that would be diluted as a result of the proposed changes; the increasing use of technology as outlined in the report and we noted that many residents in parts of Somerset did not have easy access to the internet and/or technology and we were concerned if this would result in them being disadvantaged; the lack of alternative proposal/options in the consultation exercise had created a perception that the changes were not being 'user led' and that children and families were 'being done to, rather than doing' themselves; we noted that following the public consultation exercise the recommendations were to proceed with the original proposals and this had created the perception amongst members of the public that the decisions had already been taken and were pre-determined; we questioned if a cost benefit type analysis had been conducted to help gauge the cost of the existing range of provision and what type of additional costs/savings might then arise from going ahead with the proposed changes, therefore a pre and post reconfiguration cost analysis, together with gauging the opportunity cost of reorganising services and how this might effect hard to reach communities; some Members expressed concern with accepting the proposals when there remained a 'further recommendation' to continue reviewing the provision of family centres in Minehead, Wellington, Chard and Yeovil.

Our attention then turned to what was described as Phase 2, regarding the proposed changes around Public Health Nursing Services and the new Family Support Service. We noted the outcomes of an analysis of the 2 options and this had concluded the preferred option was to bring Public Health Nursing Services into the Council to develop the new Family Support Service within the Council and the Committee accepted this recommendation, in line with the reasons identified within the report.

In conclusion overall the Committee felt it important that as the changes progressed for clear and concise information to be shared with all staff and service users and good communications would be vital.

Medium Term Financial Plan 2018/19

Our next agenda item was a report on the Council's Medium Term Financial Plan, including the 2018/19 Capital Investment Programme and the Director of Finance, Legal and Governance provided an overview of the Provisional Local Government Finance Settlement and how this might affect the budgetary position. The main savings would therefore be targeted in: reducing the high cost of placements; making efficiencies in transport operations; reducing the levels of business support; and reviewing management levels in some areas of Children's Services.
Attention turned to the Capital Investment Programme and it was noted this included a number of investments relating to Children's Services budgets and for 2018/19 a significant investment in Schools. The funding of this investment would be subject to further announcements by government either in our final settlement or separately as the DfE and other government departments revealed capital allocations. The scale of the proposed Schools building and improvement programme was substantial but the level of DfE grant and other grants/contributions/income was not known so it remained unclear how much resource assistance the Council would receive towards its funding needs. The Director of Finance, Legal and Governance assured Members that he continued to make representations to the Department for Communities and Local Government following the consultations on the Fairer Funding Review last summer so that the Government recognised the pressures on Councils to meet the growing demand for its services with diminishing resources.

Fostering Services Update

Our final report provided an overview on the provision of Fostering Services in Somerset and further set out the statutory obligations, legal processes and tools used by Officers to ensure children in Somerset were looked after. We noted that the Somerset Sufficiency Statement for Children Looked After and Care Leavers 2016-19 was refreshed each year. The document analysed the sufficiency of placements available for children looked after, and highlighted actions the Council was taking to ensure there were enough placements to meet the needs of children looked after. The sufficiency statement outlined six challenges, which were addressed through an action plan which was reported to be progressing well. We asked some questions which the Officer undertook to investigate and provide us a response. We accepted the update and it was agreed to request a further update in 6 months.

3. Consultations undertaken

3.1. The Committee invites all Councillors to attend and contribute to its meetings. The Committee Chair and Vice Chair invite prospective report authors to attend their pre-meetings and recently Lead Officers have engaged in this process and reports have been submitted on time.

4. Implications

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

5. Background papers

5.1. Further information about the Committee including dates of meetings in the new quadrennium, and agendas & reports from previous meetings are available via the Council's website.
www.somerset.gov.uk/agendasandpapers

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

Somerset County Council
County Council
- 21 February 2018

Report of the Scrutiny Committee for Policies and Place

Cabinet Member: N/A
Division and Local Member: All
Lead Officer: Julian Gale – Group Manager, Community Governance Group
Author: Jamie Jackson – Service Manager Scrutiny, Community Governance Group
Contact Details: 01823 359040

1. Summary

1.1. The Scrutiny Committee for Policies and Place is required by the Constitution to make an annual report to the Council and also to provide each other meeting of the Council with a summary progress report and outcomes of scrutiny. This is our third regular report of this new quadrennium and covers the work of the meetings held on 05 December 2017 and 30 January 2018.

1.2. The Committee agreed their work programme would comprise items considered directly at meetings plus other items considered or "commissioned" using flexible arrangements outside of the formal committee structure.

1.3. Members of the Council are reminded that:

- all Members have been invited to attend meetings of the Scrutiny Committee and to contribute freely on any agenda item;
- any Member could propose a topic for inclusion on the Committee's Work Programme;
- any Member could be asked by the Committee to contribute information and evidence, and to participate in specific scrutiny reviews.

1.4. The Committee has 9 elected Members and we have meetings scheduled approximately for every month. Our next meeting will be held in the Luttrell Room at 10.00am on 06 March 2018.

2. Background

2.1. Scrutiny Work Programme
At each meeting the Committee considers and updates its work programme, having regard to the Cabinet's forward plan of proposed key decisions. The Committee also agreed to hold themed meetings and Members are looking forward to this approach, in particular the attendance of representatives and/or stakeholders from partner agencies.

2.2. 05 December 2017

<u>Corporate Performance Monitoring Report Quarter 2 2017/18</u>

The first item on the agenda was Council performance Monitoring Report Q2 2017/18. The Committee considered this report from the Strategic Managers for Performance and for Business Change. The report provided Members with an update on performance across the organisation.

The report summarised that overall performance is stable with two red segments (P3, C4). 50% of objectives are green, 33% are amber and 17% are red. The report was positive in that there were no downward arrows. The report was presented to Cabinet on 15 November 2017 and Members were informed that Cabinet had discussed the red segments at length and additional action was agreed with the section 161 officer with regard to addressing the revenue position.

The Committee discussed those segments which fell under the Committee's remit. They suggested that the revenue budget be separated from the other elements of the managing our business segment (C4). They questioned the timetable for delivering improvements to segment C4. They discussed the undeliverable in-year savings and raised queries regarding the Connecting Devon & Somerset broadband programme.

The Committee noted the report.

Revenue Budget Monitoring Report Quarter 2 2017/18

We then received a report on the Revenue Budget Monitoring Q2 2017/18 from the Director of Finance. The report provided an update on the current Revenue Budget outturn position for the 2017/18 financial year based on the end of September (Month 6).

The Committee were reminded that figures within the report were a projection based on a prediction of the position at year end.

The Committee heard that the Authority's forecast shows a projected net overspend of £9.098m when compared to the Revenue Budget. This represents 2.92% of base budget and shows a slight decrease from the previous report. The majority of the overspend lies in the Children's Services budgets. Most other areas of the Council are within reasonable tolerance although some corporate and support budgets are under pressure. The implication of this forecast is that Cabinet and the Senior Leadership Team will need to continue to exercise more stringent control in all areas of council spend to ensure that the final outturn position is much lower than this.

The Committee then considered the forecast overspend in individual budget areas particularly children's services and aged debt analysis. They also considered the progress of the 2017/18 MTFP savings proposals. The Committee heard that 61% of savings will be delivered as predicted, 7% of savings have been classified as an amber risk meaning delivery is unsure and 32% are no longer deliverable in 2017/18.

The Committee discussed the aged debt, comparison with the financial position of other authorities, children's placements both within and outside of Somerset and the savings that are no longer considered to be deliverable.

The Committee noted the report.

County Farms Task and Finish Group

Next we received a report on County Farms presented by Cllr Philip Ham, Chair of the County Farms Task & Finish Group.

Cllr Ham began by thanking all Members and officers that had contributed to the Task & Finish Group.

He introduced the report and gave a brief background to the history of county farms and some of the changes experienced since their introduction.

He shared the recommendations made by the Task & Finish Group and urged the Committee to support them. The recommendations were:

1. To continue to maintain a County Farms estate, based on land ownership rather than buildings. Existing farmhouses to be sold or let at market valuations as and when they become available, unless there is a strategic business need to retain them. Farm outbuildings and land, if suitable, to be marketed with planning permissions wherever possible, thus maximising financial returns. As part of this the Committee recommends the completion of a comprehensive review of the Council's lettings policy.

2. To ensure there is a sufficient provision of small blocks of bare land (roughly 5 to 20 acres, with a maximum length tenancy possibly 10 years), to provide farming opportunities for genuinely new entrants to agriculture and encourage rural diversification.

3. To champion a strong agricultural focus within Taunton and Bridgwater College and the University of Somerset, ensuring sufficient land opportunities are retained to help provide a strong agricultural focus in the county and to facilitate learning, whilst encouraging the development of an innovation centre for agriculture.

The Committee debated the recommendations in depth. They suggested that Members should be involved with any review of the Lettings Policy and agreed that the recommendations were a starting point but that the next steps required experienced and knowledgeable thought.

The Chairman of the Scrutiny Committee proposed that the Committee should accept all of the recommendations. Following a vote this was carried.

It was clarified that the recommendations would be submitted to the Cabinet Member Resources and Economic Development for their response. Additionally, it was agreed to offer the support of Members of the Committee should there be a review of the Lettings Policy.

The Committee noted the report and asked for an update in six months time to include data on the use of surplus.

30 January 2018

Draft Taunton Transport Strategy

This meeting began with us considering a report from the Strategic Commissioning Manager, Highways and Transport on the draft Taunton Transport Strategy 'Connecting our Garden Town'. The document was commissioned by Taunton Dean Borough Council (TDBC) in partnership with Somerset County Council (SCC) and prepared by consultants WSP. The Committee was asked to consider and comment on the document prior to a period of public consultation and subsequent consideration by the Executive Portfolio Holders at TDBC and SCC.

The document outlined a series of proposals and policies grouped into six strategic topics as well as the key objectives and key outcomes. The Committee was informed that the document has been prepared using a wide range of existing evidence and data and that no new studies have been undertaken at this stage. A number of consultation exercises took place to inform the creation of the document. It is intended to undertake a web-based public consultation of the document in February 2018. In addition, a public exhibition will be held to enable face to face engagement.

The Chair stated that the Committee was pleased to hear that wider, face to face consultation will now take place in addition to on-line consultation. He urged all present to respond formally to the consultation with any concerns or comments. He also reminded the meeting that any questions regarding existing or planned development applications should be directed to the respective Planning Authority and not to SCC or this Committee.

The Committee discussed: the need for more engagement early in the process particularly with Parish Councils; the need to make links between the Transport Strategy and the A358 consultation; to need for authorities to work in partnership when addressing their different yet linked responsibilities; funding gaps and issues with receiving Community Infrastructure Levy (CIL) funds.

The Committee agreed a recommendation to endorse the Strategy providing that face to face consultation took place with representatives of both TDBC and SCC present.

A358 consultation

We then received a presentation from the Strategic Commissioning Manager, Highways and Transport regarding the 2nd non-statutory consultation by Highways England (HE) on the A358 Taunton to Southfields Dualling Scheme.

It was confirmed that Highways England are responsible for design, delivery and operation of the route as a new link in the national road network and that Somerset County Council (SCC) are only a consultee. A Non-Key Decision will be made by the Cabinet Member on 19th February to agree SCC's response to the HE consultation. All present at the meeting were asked to respond formally to the HE consultation to express any concerns or comments.

The presentation outlined: the background to the consultation; the possible timescales; the role of the SCC; a map of three proposed routes with an assessment of their strengths and weaknesses; environmental and social impacts and highlighted key issues and the SCC process going forward.

The Committee discussed: concern about capacity at Junction 25; who is able to respond to the consultation and how this may affect the outcome; the need for a southern relief road; the need for further consultation if a hybrid option is chosen; concern that the decision will be non-key and taken by one Cabinet Member only.

The Committee agreed a recommendation that the Cabinet Member consider the views of the public and Committee Members regarding the consultation. There are still some queries regarding the detail but as a committee we implore that everybody with a view feeds into the Highways England consultation.

<u>Medium Term Financial Plan 2018/19</u>

Our attention then turned to a report from the Director of Finance, Legal and Governance regarding the Medium Term Financial Plan, the 2018/19 Capital Investment Programme and an overview of the Provisional Local Government Finance Settlement. The final settlement announcement is scheduled for the 5th February 2018 and will therefore not be known before Cabinet papers are issued.

The Director highlighted three key announcements from the settlement:

- An “aim” to localise 75% of business rates from 2020-21 and implementation of the new needs assessment;
- Confirmation of the continuation of the Adult Social Care precept including the additional flexibility to raise the precept to 3% this year but by no more than 6% over the 17-18 to 19-20 period;
- Increased council tax referendum principle from 1.99% to 2.99% for 2018-19 and 2019-20.

The Committee were informed that SCC was not successful in its bid to be one of the pilots for 100% business rates retention. However, SCC will be part of a pool with the 5 Somerset District Councils and this should generate over half a million pounds towards our revenue gap.

The Committee were also informed about the current forecast position. The MTFP gap increases and decreases constantly as various factors affect our budgetary position. On the positive side, the increased levels of funding received via the Improved Better Care Fund along with a stabilisation of costs in Adult Social Care and Learning Disabilities have helped to reduce forecasted pressures in these services.

In terms of our funding, estimates have been received from District Councils for Taxbase numbers and collection fund surplus and these are sufficiently buoyant to include in our base as additional income, £0.550m regarding the taxbase and £1m in terms of the collection fund.

However, on the negative side, as part of the annual roll-over process of the MTFP, we have reviewed the existing and future delivery of savings agreed for the 2017/20 MTFP, and it is clear that some of those savings are no longer considered to be deliverable. In line with setting a robust budget we have taken these into account and had to re-adjust savings values required to balance the budget. In addition, the probable pay award pressure at 2% on average will add to SCC costs by approximately £2.2m and this has been included in our estimates at present. These factors have resulted in the overall gap in 2018/19 being £13m.

Recommendations to Cabinet to close the gap and to ease the budgetary pressure will include increasing the basic council tax by 2.99% and increasing the Adult Social Care precept by 3%. This will help reduce the pressure to make sufficient savings and provide much needed funding to Adult Social Care to meet service demand and increasing Learning Disabilities costs.
In summary, therefore, the estimated £13m gap will be closed by raising an additional 1% than previously assumed on the general council tax (£2.1m), some corporate revisions to non-service budgets (£2m) and £8.8m of service savings as per Appendix C. This gives a total savings value of £10.866m.

The Committee received further information on the revenue budget approach to identify savings across themes. The Council's officers have developed savings proposals required to close the gap of £13m. The focus for delivering savings will be primarily through a comprehensive review of all existing and planned contracts reducing our third party spend. The second area of focus will involve trying to identify a number of smaller projects that will manage demand or find efficiencies within services. This will entail looking at our staffing and particularly management levels throughout the organisation to see if we can use technology better to try and see where any further efficiencies can be made.

The Committee also received an update on the Capital Investment Programme (CIP). The 2018/19 CIP includes a significant investment in schools. The funding of this investment is subject to further announcements by government either in our final settlement or separately as the DfE and other government departments announce their capital allocations. SCC have also submitted a bid to the Housing Infrastructure Fund in conjunction with Taunton Deane and Sedgemoor councils that would fund around £80m of infrastructure projects supported by the three councils. If this bid is successful, the resources to support the capital investment programme for SCC could be increased by £15m.

At present, SCC have been advised of our highways grant at around £24m and some other smaller educational grants which gives a total known funding through grant of £29m. If we can secure further grant via the DfE for basic need and some specific projects and we are successful in our Housing Infrastructure Fund bid, we may have as much as £50m towards our investment needs. The shortage of capital funds is a known issue for all county councils and representations have been made to DCLG through the consultations on the Fairer Funding Review last summer that government has to recognise the pressures on councils to meet the growing need.

The national push to increase the number of houses built is being addressed in Somerset but the consequence is a need to match this with highways and schools' infrastructure. Of course, there is a lag between the investment required by councils and the additional council tax that ensues from the new housing. The increase in the taxbase eventually may be as much as £2m if the scale of development goes ahead as planned.

The Council is committed to building new schools and improving capacity and will need to borrow funds from the Public Works Loans Board to do so. This may be up to £120m for the programme ahead but we will of course only borrow what is needed when it is needed.

The Committee discussed: how much of business rates would be received by SCC; the likelihood of in-year savings being met; levels of contingency funds; consideration of a unitary solution. It was also clarified that any borrowing to build new schools would not transfer to an Academy. SCC would in effect own the school but lease it to the Academy Trust.

The Committee noted the report.

3. Consultations undertaken

3.1. The Committee invites all County Councillors to attend and contribute to every one of its meetings.

4. Implications

4.1. The Committee considers carefully, and often asks for further information about the implications as outlined in, the reports considered at its meetings.

4.2. For further details of the reports considered by the Committee please contact the author of this report.

5. Background papers

5.1. Further information about the Committee including dates of meetings in the new quadrennium, and agendas & reports from previous meetings are available via the Council's website.**www.somerset.gov.uk/agendasandpapers**

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

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Somerset County Council .

County Council
– 21 February 2018

Annual Report of the Cabinet Member for Adult Social Care

Cabinet Member: Cllr David Huxtable - Cabinet Member for Adult Social Care
Division:
Lead Officer: Stephen Chandler, Lead Commissioner for Adults & Health & DASS
Author: Cllr David Huxtable

1.0 Summary

1.1 Adult Social Care Services both nationally and locally face challenges in responding to funding pressures, increased need within our population, supporting a diverse market place and responding to practice improvements.

1.2 I am proud of the progress our services have made during the last year.

1.3 The service has established a clear strengths based approach, responding and supporting residents in a way that maximises their potential providing their individual independence

1.4 The relationship and interface with the NHS remains as important as ever and this last year has seen some significant developments, both in the delivery of new services such as 'Home First' and the performance improvement as key shared metrics

2.0 Recommendations

2.1 The Council notes the progress to date and challenges faced by Adult Services.

3.0 Adult Services 2018

3.1 This report will be split into three areas: Commissioning; Operations and Learning Disability Provider Services.

3.2 Commissioning

3.3 Adult Social Care Commissioning has delivered new projects and developed operational practice during 2017, all promoting independence and all with a community focus. A robust vibrant provider market place is critical to the success of adult services and the development of a new relationship with our provider market place is necessary to support our transformation journey.

3.4 In developing new services and strategies we have therefore engaged with our market and others at the earliest opportunity, encouraging collaboration, new thinking and person-centred design. This has been welcomed as an approach by those such as Somerset Community Foundation and has resulted in new services with alternative delivery models and less traditional provider solutions, as well as maximising third sector involvement.

3.5 Adult Social Care Commissioners have also been prominent leading the way in responding to the key health and social care system challenges – both local ones and national ones. Somerset should rightly be proud of SCC in leading to deliver targets on delayed transfers of care and helping the NHS through an unprecedented period of winter demand. This has not just ensured the delivery of targets but in doing so ensured Somerset residents have been able to return home at the earliest opportunity.

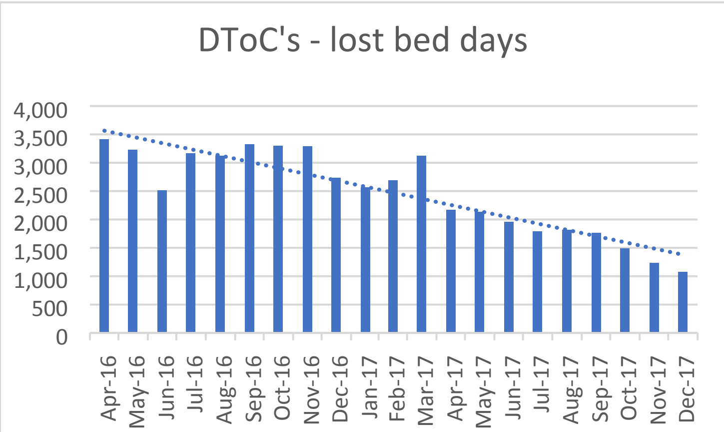
3.6 Since last year commissioners have reduced and stabilised price variations in our supplier market through a period of engagement and understanding of the market. This is particularly true in nursing and residential care where previous increasing fee levels have been reversed and providers are happy to work to our fee levels. This required operational robustness as well as many conversations with individual providers to help them understand the over supply issues in Somerset and the choice that we had of provision in this sector. This has been a critical piece of work contributing to the improved stabilisation of spend.

3.7 <u>Commissioning Achievements</u>

3.8 SCC commissioning has led the health and social care system response on delayed transfers of care, responding to the challenge laid down nationally and the new targets set by the additional Better Care Fund monies specifically for this purpose. Commissioners and operational colleagues have built up vital strategic relationships with our acute and community NHS colleagues and this has led to a true system response to the problem.

3.9 In September, we launched "Home First" – a Somerset 'discharge to assess' model – with the aim of returning more people straight home from hospital and increasing access to meaningful therapy led reablement across settings that improve people's recovery outcomes. By having a bespoke, responsive new service we can get people out of hospital earlier which also has huge benefits and enables rather than disables. At the time of writing this service has already helped over 700 people get out of hospital an average of 5 days earlier than via traditional methods.

3.10 The impact of the system commitment can be seen clearly in the delayed transfer of care figures:



3.11 Since Home First start date:

3.12 In all other commissioning activity, we have utilised the direction of travel towards community based support, building on the successful work of Community Connect and helping Somerset Direct reshape their offer to provide solutions rather than referrals.

3.13 To this end we have extended the commissioning of the Village Agent scheme to now cover the whole County and are trialling approaches to linking agents to community health settings. In addition, we have recommissioned the Carers Support Service and this now incorporates carers agents working alongside village agents and in community settings to promote local solutions for carers as well as those that they care for. Carers Voice and its Commitment to Carers has gone from strength to strength and continues to provide profile and direction for local carers issues whilst influencing others to consider carers needs. They are well on their way to being a self-funded stand-alone organisation with a large sphere of influence and having a positive impact on carers rights and lives in Somerset.

3.14 To add to the community options, we have reconfigured our Mental Health spend to focus on prevention and wellbeing and have formally launched the new Mental Health Wellbeing Service (MHWS) which is an example of a diverse collaboration of third sector providers delivering a community based targeted support service. It aims to prevent crisis and link people to and create opportunities with their community to promote their wellbeing and raise awareness of the issues that they face. This service was formally launched in January with a launch event that was incredibly well supported and included councillor support and endorsement.

3.15 In Learning Disabilities, SCC continues to embed the social enterprise offering via Discovery. As with other LD providers in the county commissioners continue to engage to modernise the offering to those with LD and have introduced some new progressive providers to the market as well. The Reviewing to Improve Lives project has begun work with some of the more complex individuals and is looking to share the learning of different more empowering support options. The project has been challenging in terms of timescales, progress and outcomes and the Lead Commissioner continues to retain an active involvement in its future direction and markers of success.

3.16 Our accommodation strategy for supporting our growing elderly population has moved forward and again reflects the shift away from traditional residential and nursing homes to keeping people in their local area and at home wherever possible. To that end we are investing in new Extra Care Housing models in partnership with district council colleagues and reconfiguring the support offering to ensure that they can provide the right amount of care at the right time, to keep people in their chosen setting for as long as possible.

3.17 Commissioning Challenges

3.18 The main commissioning challenge is still to manage the unprecedented demand faced by the health and social care system. We are all are aware this is a national picture and whilst the positive impact that our system working has demonstrated is to be welcomed, it does not mean that those challenges have been solved.

3.19 We continue to need to shape and influence the culture and approach of our providers, staff and partners. This is an ongoing process and we still have some very traditional approaches to care in Somerset, albeit there are now pockets of innovative practice emerging. To move from a very paternalistic system to one that promotes independence is a large shift and will continue to take time. We need all those who can to promote and influence this shift in the knowledge that outcomes for people are better as a result.

3.20 Whilst 'Home First' has shown impressive early impacts, the challenge is to evolve and embed it and most of all come up with a system wide sustainable funding stream for it. SCC have solely funded the additional costs and services in 2017-18 from the Improved Better Care Fund allocation but this funding is not recurrent. We are working with NHS partners to establish the future model secure required funding.

3.21 Capacity and staffing in social care provision will continue to be challenging particularly with the added draw of Hinkley work impacting the Bridgwater labour market. There are still some smaller rural areas where providing enough care is difficult and that is why we need to promote social care as a career as well as explore new models of support.

3.22 Our Learning Disability commissioned spend continues to be higher than the national and regional average and we must utilise the current review work to change this going forward and improve the offer to people with learning disabilities. The challenge is to deliver good quality, personalised services and a sustainable funding solution.

3.23 Somerset CCG has undergone many changes this year and are currently in the midst of a wholesale realignment and the development of a new Health and Care Strategy. Our challenge is to engage and influence this change and work in partnership to create collective goals and outcomes. To do this we need to continue to promote the move away from paternalistic clinical models and the shift to quality local, home based community services.

4.0 Operations

4.1 It has been an exciting year in operations where we continue to embed the 'Promoting Independence' model of support. This means that Adult Services in Somerset are beginning to work to support, promote and enhance strong communities in order that people can live their lives as successfully, safely and independently as possible. Maintaining independence makes people happier, healthier, and helps reduce the need for future services. We believe that people themselves are best placed to determine what help they need and what goals they wish to achieve.

4.2 This strategy sets out the 6 key areas of work we are concentrating our efforts on to achieve improved outcomes for those people we support, to better manage demand and to help us better understand the impact of our work and interventions:

1. Early help and prevention
2. Customer focus through the front door of the council and from acute hospitals
3. Effective short-term interventions for people from the community
4. Designing the care system for people with long-term care and support needs
5. Developing a workforce that promotes independence and community-led solutions
6. Governance and management arrangements to sustain improvements

4.3 Operational Achievements

4.4 To accomplish this, we have had to make sure we have got the right enablers in place to achieve our ambition. Over the year operational service restructuring has placed leadership skills at the heart of the change ensuring we have the right people to drive the service forward. Not only did we need these managers to have good leadership skills but we needed people that were ambitious, motivated, and believed and bought into the new ways of working. We now have a senior leadership team in place who are beginning to drive change using data and innovation to deliver adult social care that-:

- Maximising independence to support people to remain in their homes and communities, without formal social care support wherever possible
- Are changing the relationship with the public where we manage expectations and are realistic about what we can do and what we expect from individuals, families and communities
- Working differently with partners to support people to get the right level and type of support at the right time
- Asking staff to think and practice in new and different ways

4.5 Front door and triage

4.6 During the year we have developed an effective council front door that helps people find solutions to their problems and can demonstrate its impact in terms of diversions from formal care and the delivery of good outcomes. Somerset Direct resolves 70% of all calls at point of contact. These solutions vary from linking people into the local community via the use of community agents, signposting to activities in the local community, booking into an independent living centres to find equipment/technology solutions to aid independence, or booking into a community connect hubs. They will then pass the additional 30% of those calls through to our adult social care locality triage teams who ring back our customers within 24 hours either resolving the problem at that point or beginning a formal assessment process.

4.7 Locality teams

4.8 The locality teams have developed a vision with clear performance targets and are using data to drive change and evidence that the promoting independence model of care is being embedded and working. It is early days but we are beginning to see the green shoots of change. Waiting lists have reduced, the use of residential care for people over the age of 65 has reduced since August, the triage function and changing conversation is beginning to resolve issues by using community solutions, short-term interventions, and more timely assessments. One of the key enablers to the cultural change has been the development of peer forums, where multiagency staff including the community agents discuss community solutions and only use adult social care funding as part of the solution, when necessary. The success of this has enabled us to delegate budgets back to locality managers who are now accountable for the spend in their areas. They have successfully managed budgets within allocated spend. The adult social care budget excluding learning disability is projecting a balanced position.

4.9 Health interface service

4.10 During the year we have developed integrated teams in both the acute trusts. It must not be underestimated the amount of cultural change that has taken place this year. Our staff now attend hospital board rounds each morning challenging practice at all levels. We have introduced peer forums which has supported the cultural change and a better understanding that by promoting independence and supporting people to go home with no care or a short-term solution we get better outcomes for the patient. They are also challenging the risk averse nature of our staff teams. Our delayed transfers of care have dramatically improved over the year and we are now, even through the winter escalation, are hitting the national targets. Since September we have developed the “Home First” model of care support patients to discharge effectively back home with the right support.

4.11 Mental Health and AMHP services

4.12 Service has developed a clear vision and performance targets and recognises what a good mental health social care and AMPH service looks like. During the year we have developed a successful 24-hour AMHP hub which includes our adult emergency duty team. The recovery and independence model is based on a strengths-based approach and has been key to the successes of the service during the year. It is focused on what matters to the individual and their families and helps people to take control of their lives. The team has changed the balance of professionally qualified/non-qualified employees this has helped the development and use of communities to identify and provide sustainable local solutions to help people stay well and as independent as possible for as long as possible. The service works with people when they need support, promoting recovery and independence, and then ‘let’s go’ enabling demand, capacity and resources to be managed effectively; this is evidenced in the flow through the service in the table below.

4.13 The 24-hour AMHP service provides mental health act assessments within four hours unless there is a clear clinical rationale for rescheduling the assessments outside this time frame. This has been achieved in 96% of cases during the year to date.

4.14 Safeguarding team

4.15 Safeguarding remains an absolute priority for the service as a whole. As with other aspects of Adults Safeguarding has sought to ensure within its sphere the 'Promoting Independence' model maximises the role and influence individuals who are within the safeguarding process have. Initial feedback is starting to show positive impact on the experience people report as having.

4.16 During the year the team alongside Somerset Direct developed a triage system that enables members of the public, professionals and other organisations access to safeguarding information quickly and easily. It is meant that when a safeguarding referral reaches the team it can be dealt with promptly. This has enabled 95% of all pathway decisions during the year to have been responded to within two working days. The service has developed monthly performance data to monitor performance this data is compared with national and regional data trends and variants are beginning to be understood and explained. There is still more work to do on this. A new way of collating feedback about the service is being gathered from people who have been subject to a safeguarding enquiry and/or their significant others; this is being used to triangulate quantitative data and inform the service development planning. The service has also ensured that there is now a clear pathway for young people who are transitioning to adult services who also need protecting.

4.17 Key areas for improvement during the coming year

4.18 We now need to embed the changes described above across the service and continue to develop practice. Some of our workforce staff still need to change their way of working from the traditional model of doing for people to one of promoting independence. We need them to be more inquisitive about practice, to build and share ideas and solutions, and continue develop the leadership skills of our workforce. The continuing development of our relationships with our partners health, housing and communities is critical to our delivery model. We need to better describe and show how by the use of data, innovation system and cultural change is demonstrated and achieved. We need to develop our IT solutions to aid our workforce and we need to develop our assistive technology offer to our customers.

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Somerset County Council .

County Council
– 21 February 2018

Cabinet Member Children and Families: Annual Report

Cabinet Member: Cllr Frances Nicholson, Cabinet Member Children & Families
Division and Local Member: All
Lead Officer: Julian Wooster, Director of Children's Services
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1. SUMMARY

1.2 This annual report provides an account of the role of the Cabinet Member for Children & Families in terms of responsibilities as required by the statutory guidance on the roles and responsibilities of the Director of Children's Services (DCS) and the Lead Member for Children's Services (LMCS) April 2013. The Cabinet Member for Children & Families covers the full role of the LMCS as set out in the guidance. https://www.gov.uk/government/publications/directors-of-childrens-services-roles-and-responsibilities.

1.3 The above guidance is subject to amendment by the Children and Social Work Act 2017 (the Act) which is intended to improve support for looked after children and care leavers, promote the welfare and safeguarding of children, and make provisions about the regulation of social workers. The Act sets out corporate parenting principles for the council as a whole to be the best parent it can be to children in its care. Local authorities will be required to publish their support offer to care leavers and to promote the educational attainment of children who have been adopted or placed in other long-term arrangements. The Act makes changes to the arrangements for local child safeguarding partnerships and the serious case review process, including provision for a central Child Safeguarding Practice Review Panel for cases of national importance. It also establishes a new regulatory regime for the social work profession.

1.4 The Act requires all schools to provide relationships education to pupils receiving primary education, and relationships and sex education to pupils receiving secondary education. The duty applies in relation to academy schools and independent schools as well as maintained schools. The provision of personal, social, health and economic education to pupils receiving primary or secondary education is a permissive power under the Act. The Department for Education is currently consulting on guidance in relation to the above duties and regulations.

1.5 Ofsted re-inspected the Council's Children's Services (services for children in need or help and protection, children looked after and care leavers) in November 2017. The previous two inspections, in 2013 and 2015, both rated these service 'Inadequate'. Since then, the Council has been working with improvement partners from Essex County Council with regular scrutiny from the Department for Education. Ofsted inspectors now rate Children's Services in Somerset as 'Requiring Improvement to be Good'. Within this, the performance of the Adoption Service is rated 'Good'.

1.6 In summary, the report points to steady progress with improved quality of practice, reduced caseloads and clear consistent leadership. It also highlights increased scrutiny and challenge from elected members. Ofsted noted that aspirations for children have increased within children's services, but there is more to do to ensure that all the departments of the local authority share this responsibility and children looked after and care leavers are prioritised across the County and District Councils.

1.7 The Inspectors identified the development of a learning culture in children services as important in supporting further improvement. The report sets out 13 recommendations for the Council, which are underpinned by:

- Increasing the capacity of the leadership team so that the pace of change can be accelerated.
- Ensuring that partners (especially Health and Police) work effectively together to secure positive outcomes for children.
- Increasing the range and quality of local care placements for children looked after.
- Improving the consistency of social work practice

1.8 Following the Ofsted re-inspection, the Statutory Direction has been lifted and the Council is no longer subject to Statutory Intervention. The DfE will provide a 12-month period of 'supervision and support' to sustain the improvement. At the request of the Council, Essex have agreed to continue during 2018 to Chair the Quarterly Performance Review Meetings (QPRM), established following the Ministerial Direction in 2015.

1.9 Improving children's services remains a key priority for the authority. The Cabinet welcomes this recognition of progress made so far and is committed to building on it to move the services to a rating of 'Good' and eventually 'Outstanding'.

2. THE STRATEGIC & PROFESSIONAL FRAMEWORK FOR CHILDREN'S SERVICES

2.2 The current statutory guidance has, as the central principle, the co-ordination of education and children's social care services under a single elected member to support the strategic and professional framework within which the safety and the educational, social and emotional needs of children and young people are considered together.

2.3 The strengthened professional structure for children's services comprising Children's Social Care, Education, Commissioning and Performance, and Quality Assurance and Safeguarding was established in 2016. Each senior manager provides professional leadership for their service area and also represents children's services, deputising for the DCS (and all the functions of the role) as required. Following the departure of the Assistant Director, Quality Assurance in October 2016, we have not yet been able to re-appoint permanently to the role. The role's function is current covered by an interim.

2.4 The statutory responsibilities of the Director of Children's Services (DCS) and the Lead Member for Children's Services (LMCS) and therefore the Council's responsibilities in relation to Education remain significant.
The departure of the Deputy Director Education in 2017 has led to a reassessment of the leadership capacity to support the Council's aspirational

ambition for education outcomes, with the need to strengthen senior leadership in relation to inclusion of vulnerable pupils, and overall attainment and skills levels in Somerset.

2.5 The strategic framework for children's services, to meet the requirements of the statutory guidance and the Direction Notice, is met by the Somerset's Children and Young People's Plan 2016–2019 (CYPP) http://www.somerset.gov.uk/policies-and-plans/plans/children-and-young-peoples-plan/ . The plan was approved by Full Council in May 2016 and commits the County Council and its partners to the level of resourcing required for Children's Social Care and its associated functions for the period 2016–19, the plan reflects the ambition of the Council to have in place 'excellent' services by the end of 2019. The multi- agency plan, overseen by Somerset Children's Trust (SCT) contains seven improvement programmes:

- Supporting children, families and communities to become more resilient
- Promoting healthy outcomes and giving children the best start in life
- Improving emotional health and wellbeing
- Building skills for life
- Providing help early and effectively
- Achieving effective multi-agency support for more vulnerable children and young people and developing an excellent children's social work service
- Embedding a think family approach across the workforce.

2.6 Each improvement programme has an annual action plan, with both the 2nd and now draft 3rd year plans being directed by the progress indicators published in the CYPP. In this second year of the CYPP the multi-agency nature of the partnership has been evaluated to evidence a maturing relationship between agencies, both at strategic and operational levels.

2.7 Accountability and challenge in relation to these plans has been provided by partner agencies through the Children's Trust, the Education Partnership Board and by elected members through the Corporate Parenting Board and the Scrutiny for Policies, Children and Families Committee. Year two of the CYPP has demonstrated many achievements towards the ambitions for our children and young people to be safe, well and aspiring to their best potential. However, there are still some challenging outcomes to meet as the plan moves to year three.

2.8 Strategies that are in place include:

- Somerset's Education Strategy – Achieving Excellence for All 2016–2019 (with supporting strategies / plans across key stages
- Somerset's Corporate Parenting Strategy 2016–2019
- Somerset's Early Help Charter
- Somerset's Early Help Strategy 2016–2019
- Effective Support for children and families in Somerset – thresholds for assessment and services guidance (reviewed in September 2016)
- Workforce Development Strategy
- Somerset County Council Sufficiency Statement for Children Looked After and Care Leavers 2016–2019
- Somerset's Transformation Plan for Children and Young People's Mental Health and Wellbeing 2015–2020

- Somerset's Special Educational Needs and Disability (SEND) Strategy for Children and Young People aged 0–25

3. Children's Social Care

3.1 All the improvement programmes of the CYPP contribute to improving children's social care services either directly or indirectly by improving outcomes for vulnerable children and thereby reducing demand for children's social care services. Improvement Programme 6 has provided the core improvement focus for Children's Social Care – *Achieving effective multi-agency support for more vulnerable children and young people and developing an excellent children's social work service.* Programme 6 for 2018/19 is being updated to reflect the Ofsted report's recommendations.

3.2 Although Children's Social Care leadership and management capacity continues to strengthen, including successful internal promotions, this area remains a priority for the Council and has been identified as a priority by Ofsted to sustain and continue improvement. The Principal Social Worker role is currently unfilled, following the departure of the individual to a role in a southwest university.

3.3 **Youth Offending Team (YOT)**. The work of the multi-agency YOT is overseen by the YOT management board which provides strategic direction with the aim of preventing offending by children and young people and is currently chaired by the DCS. An annual Youth Justice Plan is in place.

3.4 The Government in 2016 carried out a review of the youth justice arrangements in England, however there remains concerns about securing multi-agency funding from statutory partners with an unequal share of funding falling on the Council.

3.5 A Short Quality Screening (SQS) of the Youth Offending Service in Somerset carried out by the Probation Inspectorate in 2016 found that the Youth Offending Teams were 'very good' at engaging with children and young people and understanding their individual needs. They had a clear understanding of the benefits of restorative justice and worked well with others to achieve positive outcomes, particularly in cases presenting complex educational, or emotional and mental health needs. As with their social care colleagues work is in place to address the consistent quality of assessments and plans and more effective management oversight of practice.

4. Education

4.1 The strategic education vision for Somerset 'Achieving Excellence for All' that was introduced in April 2016 has remained the focus of the work of the Somerset Education Partnership Board. The focus in 2017–18 has remained on our most vulnerable groups including the more able children and young people. Schools are actively engaged in this agenda and have embraced supporting operational strategies such as the on-going work of the Somerset Education Partners (SEP) to support and challenge every school's performance and the Team Around the School initiative which is now in place across the County.

4.2 The SEND Strategy 2016 and implementation of SEND reforms have been tested this year in the form of a Gloucestershire led Peer Review which was held in May 2017. As a result, there is an SEND Priority Action Plan, that has multi-agency ownership, in place which sets out to address a number of key issues across the local area, including:

- An historic set of arrangements with schools which mean that the number of pupils' subject to formal SEN assessment and planning is significantly lower than other areas
- Improving the capacity of the partnership to ensure high quality Education, Health & Care Plans (EHCP) are in place where needed
- Supporting the capacity of Somerset Schools to support pupils with SEND to achieve improved outcomes.
- Increasing the capacity of the SEND casework team to meet the numbers of children who are assessed as needing an EHCP

These areas for development are set in the context where Somerset has a number of strengths including:

- The strategic participation of the Parent Carer Forum and the 'Unstoppables' continues to be a strength of the Somerset partnership.
- Many examples of outstanding practice from Schools and specialist services across the partnership
- Well-resourced specialist support and outreach support to schools.
- Somerset Core Standards which provide a framework for a graduated response
- A strong partnership between Schools and the LA leading the improvements

Planning for revising the *Somerset's Special Educational Needs and Disability (SEND) Strategy for Children and Young People aged 0-25 2016-19* is to begin in early 2018, in preparation for this the local authority and Clinical Commissioning Group have completed a Council for Disabled Children (CDC) Audit in relation to implementation of the SEND reforms and a CDC workshop is planned for February 2018.

4.3 The Local Authority continues to have a leadership role in driving the educational achievement of Somerset children forward and ensuring that the County's most vulnerable children have the same opportunities as their peers to achieve their full potential. In addition to the SEP programme introduced last year there have been a number of changes to the way in which the LA works with all its schools. 51% of all pupils now attend an academy with 34% of all schools now being academies with an increasing number in Multi Academy Trusts. The relationship between the LA and these schools remains focused on the effectiveness of education provision regardless of status. With the exception of one academy chain all academies have taken up the offer of the SEP programme. For the second-year funding has been provided to enable schools to bid to support groups of schools who are focused on the priorities set out in the strategic vision. This funding has been an agreed partnership between the LA and the Dedicated Schools Grant (DSG). The Local Authority has also supported teaching schools in the County to make bids through the Regional Schools Commissioners office for funds to support the priorities set out in the Education Vision and Strategy.

4.4 Currently 85.7% of Somerset Schools are judged to be Good or better by Ofsted. This is below the national average of 88.4%. All maintained schools have been risk assessed in relation to their performance and appropriate support programmes put in place.

4.5 Over the year we have rolled out Transition Panels across the County that identify pupils that are at risk of not being in Education Employment or Training (NEET). Programmes of support are then put in place to support their transition to college. As at December 2017 91% of pupils supported through this programme had remained in education.

4.6 The monitoring of education performance internally is managed through the, Children and Young People's Scrutiny Committee, the Somerset Education Partnership Board, Schools Causing Concern Group meetings as well as the Children's Trust and some aspects such as SEND being presented at the Health and Well Being Board. Externally education is monitored by the Annual conversation with Ofsted and regular Senior HMI and Ofsted conversations.

4.8 **Attainment Headlines.** The Early Years Foundation Stage indicator is the percentage of children achieving a good level of development (GLD), which they need in order to achieve Expected or Exceeding in all prime Learning Goals (including Literacy and Mathematics). In Somerset 71.0% of children achieve GLD in 2017. This is a further 2 percentage points higher than in 2016, and continues a five-year improvement trend and is in line with the National Average. However, it does mean that 29%of children at aged 5 do not have a good level of development.

At Key Stage One the combined Reading, Writing, Mathematics (RWM) Expected Standard for Somerset increased significantly on the previous year to 65.1% against a national average of 64%. Those children gaining the Higher Standard were 11.9%, compared with 8.1% in 2016, against a national average of 11%in 2017. We are therefore above national performance.

At Key Stage Two the combined Reading, Writing, Maths Expected Standard for Somerset was 58.9% against a national average of 61%. Those children gaining the Higher Standard were 8% in Somerset against 9% nationally. In 2016 the NA was 52 and Somerset achieved 52%. Therefore, although Somerset's performance has improved, the National Average has also increased, with a gap for the LA of 2.1% in 2017.

Assessment measures at the end of Key Stage 4 have undergone considerable change this year with English and Maths outcomes being assessed on a 1-9 scale. In addition, there have been changes to the headline measures, making comparison with performance in previous years problematic. However, comparing Somerset outcomes with National averages, the progress 8 measure of -0.12 is described in DfE tables as 'below average' against the National average for all state funded schools of -0.03. The attainment 8 measure of 45.7 is statistically in line with the National outcome for all schools of 44.6. The percentage of students achieving a Grade 5 or above in English and Mathematics was 40.2% against a national average for all schools of 39.6%.

5. Commissioning & Performance

5.1 The Children and Young People's Plan was produced along with a performance framework to ensure delivery of the annual action plans and reporting through the Children's Trust, scrutiny and cabinet. Various events have taken place across the county on key priorities, plus the engagement of staff through a practitioner champions forum and a quarterly newsletter have continued to ensure awareness of the plan and progress remains a high focus.

5.2 The Corporate Parenting Board is now an effective forum, led by a dedicated and enthusiastic independent chair, which is driving delivery of the Corporate Parenting Strategy and supporting action plans to cover the main areas of focus which includes voice of the child, education, health, leaving care and fostering. Performance is presented at every meeting and is scrutinised by the Board. Young people from Somerset in Care and Leaving Care Councils attend regularly enabling them to question officers and provide their perspective on areas under discussion. The vast majority of members have attended corporate parenting training.

5.3 Ofsted recognised that there has been improvement within Somerset County Council's internal early help service, the getset teams, but that more needs to be done particularly with partners for early help to be effective. During 2017, the implementation of a new case management system along with the getset QPRM process, training and development activity and audit work have all contributed to improving practice. This will continue in 2018 with ongoing focus on improving practice.

5.4 Significant work has been undertaken to develop the Somerset Family Support Services which will encompass getset and Public Health Nursing (health visitors and school nurses). The aim is to establish integrated multi-agency services that identify and support children who need help quickly and effectively. Phase 1 of this work over 2018/19 will focus on the development of the service and the delivery of a co-ordinated early help offer utilising technology and a wide network of local community venues such as families' homes, schools, health centres, village halls and children's centre buildings. This will also include greater co-working and co-location of getset and public health nursing prior to full integration of the two services during 2019/20.

5.5 Commissioning within children's services has historically been underdeveloped, and a restructure and appointment of additional capacity has been the key focus during 2017. In addition, the relationships with service providers particularly residential children's homes and independent fostering agencies has been improved with regular visits, provider events and increased sub-regional work through the peninsular arrangements. Further capacity to increase scope and pace of the commissioning team will be in place during the early part of 2018 with immediate focus on sufficiency and costs of placements, establishing an effective contract management function, and more effective early help arrangements with partners.

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