

# County Council (virtual meetings from July 2020 due to Coronavirus)

Wednesday 17 February 2021

10.00 am Virtual Meeting



To: The Members of the County Council (virtual meetings from July 2020 due to Coronavirus)

Cllr Mike Best, Cllr N Bloomfield, Cllr A Bown, Cllr A Broom, Cllr M Caswell, Cllr M Chilcott, Cllr J Clarke, Cllr P Clayton, 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 J Hunt, Cllr James Hunt, Cllr D Huxtable, Cllr M Keating (Vice-Chair), 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 L Oliver, Cllr J Parham, Cllr C Paul, Cllr H Prior-Sankey, Cllr M Pullin, Cllr F Purbrick, Cllr L Redman, Cllr B Revans, Cllr M Rigby, Cllr D Ruddle, Cllr N Taylor (Chair), Cllr J Thorne, Cllr G Verdon, Cllr L Vjeh, Cllr W Wallace, Cllr A Wedderkopp, Cllr J Williams, Cllr R Williams and Cllr J Woodman

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

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk and Monitoring Officer - 9 February 2021

For further information about the meeting, please contact Scott Wooldridge, Monitoring Officer on 01823 357628 or 07790 577336 or [swouldridge@somerset.gov.uk](mailto:swouldridge@somerset.gov.uk)

Guidance about procedures at the meeting follows the printed agenda.

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

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



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## AGENDA

Item County Council (virtual meetings from July 2020 due to Coronavirus) - 10.00 am  
Wednesday 17 February 2021

### Full Council Guidance notes

1 **Apologies for Absence**

2 **Declarations of Interest**

Details of all Members' interests in District, Town and Parish Councils can be viewed on the Council Website at [County Councillors membership of Town, City, Parish or District Councils](#) and this will be displayed in the meeting room (Where relevant).  
The Statutory Register of Member's Interests can be inspected via request to the Democratic Service Team.

3 **Minutes from the meeting held on 18 November 2020** (To Follow)

Council is asked to confirm the minutes are accurate.

4 **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.

5 **Chairs Announcements** (Pages 9 - 10)

To receive the Chair's information sheet detailing events attended since the last meeting.

### For Decision

6 **Report of the Leader and Cabinet - for decision** (Pages 11 - 172)

To consider a report with recommendations from the Leader of the Council, arising from the Cabinet meeting held on 8 February 2021.

The recommendations relate to:

- Medium Term Financial Plan – 2021/22 Budget and Council Tax Setting – Paper A.
- Treasury Management Strategy 2021/22 – Paper B.

7 **Report of the HR Policy Committee - Pay Policy Statement 2021/22** (Pages 173 - 188)

- Item County Council (virtual meetings from July 2020 due to Coronavirus) - 10.00 am  
Wednesday 17 February 2021
- To consider a report with a recommendation relating to the Pay Policy Statement (PPS) for the Council for 2021-22.
- 8 **Report of the Monitoring Officer** (Pages 189 - 206)
- To consider a report with recommendations relating to:
- the Member Development Strategy 2021-2025.
  - proposed appointment of an independent member of the Audit Committee.
- 9 **Report of the Joint Independent Remuneration Panel** (Pages 207 - 236)
- To consider a report by the Joint Independent Remuneration Panel. The recommendations relate to the Scheme of Members' Allowances 2021/22.
- 10 **Requisitioned Items** (Pages 237 - 238)
- To consider a report setting out a requisitioned item submitted for the Council's consideration.

### **For Information**

- 11 **Report of the Leader and Cabinet - Items for Information** (Pages 239 - 262)
- To receive reports by the Leader of Council summarising key decisions taken by him and the Cabinet since the last Council meeting, including at the Cabinet meetings held on 16 December 2020 and 20 January and 8 February 2021 – attached.
- (Note: Member Questions to the Leader and Cabinet Members will be taken under this item)
- 12 **Annual report of the Constitution and Standards Committee** (Pages 263 - 266)
- To receive a report by the Chair of the Constitution and Standards Committee.
- 13 **Annual Report of the Cabinet Member for Public Health and Wellbeing and Climate Change** (Pages 267 - 280)
- To consider this report from the Cabinet Member for Public Health and Wellbeing and Climate Change.
- 14 **Report of the Scrutiny for Policies, Adults and Health Committee** (Pages 281 -

Item County Council (virtual meetings from July 2020 due to Coronavirus) - 10.00 am  
Wednesday 17 February 2021

286)

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

15 **Report of the Scrutiny for Policies and Place Committee** (Pages 287 - 294)

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

16 **Report of the Scrutiny for Policies, Children and Families Committee** (Pages 295 - 300)

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

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**Guidance notes for the meeting**

**1. Council Public Meetings**

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 have given local authorities new powers to hold public meetings virtually by using video or telephone conferencing technology.

**2. Inspection of Papers**

Any person wishing to inspect minutes, reports, or the background papers for any item on the agenda should contact Democratic Services at [democraticservices@somerset.gov.uk](mailto:democraticservices@somerset.gov.uk) or telephone 07790577336/ 07811 313837/ 07790577232

They can also be accessed via the council's website on [www.somerset.gov.uk/agendasandpapers](http://www.somerset.gov.uk/agendasandpapers)

Printed copies will not be available for inspection at the Council's offices and this requirement was removed by the Regulations.

**3. Members' Code of Conduct requirements**

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: <http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/>

**4. Minutes of the Meeting**

Details of the issues discussed, and recommendations made at the meeting will be set out in the minutes, which the Council will be asked to approve as a correct record at its next meeting.

**5. 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 – Scott Wooldridge (email: [swouldridge@somerset.gov.uk](mailto:swouldridge@somerset.gov.uk)) **by 5.00pm on Thursday 11 February 2021.** 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 Chairman 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 Chairman'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 Chairman will decide when that debate will take place.

## **6. Meeting Etiquette**

As this will be a virtual meeting please note the following points:

Mute your microphone when you are not talking.

Switch off video if you are not speaking.

Only speak when invited to do so by the Chair.

Speak clearly (if you are not using video then please state your name)

If you're referring to a specific page, mention the page number.

Switch off your video and microphone after you have spoken.

## **7. Exclusion of Press & Public**

If when considering an item on the agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded 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, as defined under the terms of the Act.

If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time, remove the participant from the meeting.





Chairman's  
Information  
Sheet No. 10

# Information

for County Councillors

From:	Cllr Nigel Taylor, Chair of Somerset County Council
Date:	18/11/2020– 16/02/2021
To:	All County Councillors

## **Chairman's Report – 18/11/2020- 16/02/2021**

### **December 2020**

15 December The Chair presented an Award in Martock.

### **January 2021**

13 January The Chair attended the online meeting for the Somerset Day Board.

27 January The Chair attended the online Holocaust Memorial Event.

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## **Report of the Leader and Cabinet – Items for Decision**

Cabinet Member: Cllr D Fothergill – Leader of the Council

Division and Local Member: All

Lead Officer: Scott Wooldridge, Monitoring Officer and Strategic Manager-Governance & Democratic Services

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

Contact Details: 01823 357628

### **1. Summary**

- 1.1** This report sets out the Leader’s and Cabinet’s recommendations to Council arising from their consideration of reports at the Cabinet meetings on 16 December 2020, 20 January and 8 February 2021.

**Note: The references in this report to Papers A and B relate to the relevant reports considered by the Cabinet containing specific recommendations to the County Council meeting on 17 February.**

- 1.2 Paper A (the Medium Term Financial Plan - 2021/22 Budget and Council Tax Setting)** was considered by the Council’s three scrutiny committees during January and early February ahead of the Cabinet meeting on 8 February.

Paper A sets out spending plans for the next three years and highlights areas of priority to support residents across Somerset as follows:

- £10.174m increased spending in adults social care services
- £8.976m increased spending in children’s services
- Increased spending in infrastructure projects
- Reduced spending in back office services
- A new £10.8m Emergency Fund for activities to combat Covid-19 and its impacts
- Council tax rise of 1.99% with a further 3% adults social care precept

The budget also contains detail of the significant investment in schools, roads and other infrastructure across the county as follows:

- £129.861m allocated to major schemes in 2021/22 (SCC schemes)
- £73.913m of new projects approved
- Increased spending by £6.5m to address the Climate Change Emergency from both revenue and capital resources

Further detail is provided throughout Paper A and its appendices. The papers also provide evidence of strong financial performance with Council reserves of £91.164m (£19.690m General Reserves and £71.474 Earmarked Reserves)

Preparation of the budget has constantly required review of the impacts of Covid-19 moving forward. During the pandemic there have been additional costs and pressures that have been presented in the budget monitoring reports throughout the year. In establishing the new 'normal' a base level of funding has needed to be set.

Looking into the future, medium term financial planning has been challenging given the lack of information regarding longer term Government funding. Both the Fair Funding and Business Rates Retention reviews have been delayed until 2022/23. The Business Rates reset has also been delayed. The provisional Local Government Finance Settlement was announced on the 17 December 2020 and figures have been updated to include the outcome of this. The final Finance Settlement is expected at the end of January/ early February 2021.

The detailed 2021/22 budget proposals and MTFP for future years were reviewed by Adult and Public Health Scrutiny Committee, Children and Families Scrutiny, and the Policies & Place Scrutiny in January/February 2021 ahead of consideration at the Cabinet meeting on 8 February.

All three Scrutiny Committees considered the information presented in detail and provided challenge to both the Cabinet Member for Resources, the Section 151 Officer and other Cabinet Members and Directors present. All of the Committees noted the report and none made any formal recommendations to the relevant Cabinet Member or to the Cabinet meeting on 8 February.

The Cabinet considered Paper A at its meeting on 8 February. Cabinet endorsed the recommendations in Paper A and further agreed for these to be recommended to Full Council for approval.

Members are reminded to consider the Section 151 Officer's statement in regarding the robustness of the estimates and the adequacy of the reserves and balances prior to approving the recommendations in Paper A.

**1.3 Paper B (Treasury Management Strategy Statement 2021-22)** was considered by the Audit Committee on 28 January. No specific recommendations were made by the Audit Committee to the Cabinet meeting on 8 February. The Cabinet agreed at their meeting on 8 February for the proposals in Paper B to be recommended to Full Council for approval.

The Council recognises that effective treasury management underpins the achievement of its business and service objectives and is essential for maintaining a sound financial reputation. It is therefore committed to driving value from all of its treasury management activities and to employing suitable performance measurement techniques, within the context of effective risk management.

This report brings together the requirements of the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services Code of Practice Revised 2017 Edition (CIPFA TM Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities: Revised 2017 Edition (CIPFA Prudential Code). Whilst most of the requirements of the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance are no longer relevant to Treasury Management Investments (it now overwhelmingly refers to non-treasury investments), it does adhere to MHCLG guidance to prioritise Security, Liquidity and Yield, in that order.

The Council currently holds £324.55m of debt as part of its strategy for funding previous years' capital programmes. Of this, £159.05m is Public Works Loan Board (PWLB) debt, £108m is Lender Option Borrower Option (LOBO) debt, and a further £57.5m of fixed rate bank loans. As at 31<sup>st</sup> December 2020 the average rate paid on all debt was 4.66%.

Investment balances for 2020-21 to the 31st December 2020 have ranged between £162m to £278m, averaging £232m. These balances include just under £68m of cash held on behalf of other entities, and £60m as at 31st December 2020 being held on behalf of others where the Council is the accountable/administering body. An average rate of 0.73% has been achieved, yielding income in excess of £1.27m. Within this figure £25m is invested in Pooled Funds, £15m with the Churches, Charities, Local Authorities (CCLA) Property Fund, and £10m with a Royal London Bond Fund.

## 2.0 Recommendations

### 2.1 Medium Term Financial Plan - 2021/21 Budget and Council Tax

**Setting** - see Paper A and its appendices (as well as taking account of the Section 151 Officer's assessment of the robustness of budget and adequacy of reserves) that Cabinet considered and endorsed at its meeting on 8 February 2021.

#### The Council is recommended to approve:

- The General Fund net revenue budget for 2021/22 of **£356,072,100** and the individual service budgets for 2021/22 as outlined in **Appendix 1** including,
- a) The transformation, savings and income generation plans outlined in **Appendix 2(i)**, in conjunction with the Equalities Impact Assessments where required in **Appendix 2 (ii)**.
  - b) The additional funding requirements set out in **Appendix 3**
  - c) An increase in Council Tax of **1.99%** in 2021/22 (an increase of **£25.66** per Band D property).
  - d) An increase of **3.00%** to Council Tax for the Adult Social Care Precept is approved in recognition of the current demands and financial pressures on this service. This is equivalent to an increase of **£38.67** on a Band D property.
  - e) Agree to continue the Council Tax precept of **£12.84** within the base budget for the shadow Somerset Rivers Authority (representing no increase). This results in a Council Tax Requirement of **£2,560,700**,
  - f) Agree the precept requirement of **£269,934,700** and set the County Council precept for Band D council tax charge at **£1,353.53** for 2021/22.
  - g) The use of reserves for once-off spend and the overall estimated position of Earmarked Reserves outlined in **Appendix 4**.
  - h) Note the adequacy of General Reserves at **£19.690m** within a risk assessed range requirement of **£18.70m - £20.67m**
  - i) The Capital & Investment Strategy attached at **Appendix 6**
  - j) The Capital Programme for 2021/22 of **£152.138m** including new capital bids of **£73.913m** outlined in **Appendix 7**, planned sources of funding, and notes the overall programme of

**£231.711m** for 2022/23 to 2023/24 as outlined in **Appendix 8**.

- k) The MRP Policy attached at **Appendix 9**.
- l) The Capital Prudential Indicators outlined in **tables 12-18**.
- m) Delegate any amendments within the final Government Financial Settlement and the final Business Rates amendments to the Director of Finance in consultation with the Leader of the Council

**2.2 Treasury Management Strategy Statement 2021/22** – see Paper B and its appendices that Cabinet considered and endorsed at its meeting on 8 February 2021.

**The Council is recommended to :**

- Adopt the Treasury Borrowing Strategy (as shown in Section 2 of the report).
- Approve the Treasury Investment Strategy (as shown in Section 3 of the report) and proposed Lending Counterparty Criteria (attached at **Appendix B** to the report).
- Adopt the Prudential Treasury Indicators in section 4 of the report).

**3. Options considered and consultation undertaken**

**3.1** Options considered and details of consultation undertaken in respect of the recommendations set out above are set out in the reports and appendices within Papers A and B.

**4. Implications**

**4.1** Financial, legal, Human Resources, equalities, human rights and risk implications in respect of the recommendations set out in this report are detailed within Papers A and B.

In accordance with the requirements of the Localism Act 2011 the Authority is required to approve a Council Tax Requirement on an annual basis. In order to calculate a balanced budget the Council has to calculate its Budget Requirement by estimating all future revenue income and forecasting future expenditure requirements and taking into account movements to or from reserves.

The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer.

It is essential 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.

The duties placed on public bodies do not prevent difficult decisions being made such as, reorganisations and service reductions, nor does it stop decisions which may affect one group more than another. What the duties do is require consideration of all of the information, including the potential impacts and mitigations, to ensure a fully informed decision is made.

## **5. Background Papers**

5.1 These are set out within Papers A and B and their appendices.



# PAPER A

Forward Plan Reference: FP /20/10/13

Decision Date: 08/02/21



## **Medium Term Financial Plan - 2021/22 Budget and Council Tax Setting**

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

Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Director of Finance

Author: Jason Vaughan, Director of Finance

Contact Details: [JZVaughan@somerset.gov.uk](mailto:JZVaughan@somerset.gov.uk)

### **Sections**

- 1. Report Summary**
- 2. Recommendations**
- 3. – 9. Implications (Including Equalities) and Links**
- 10. Scrutiny Comments and Recommendations**
- 11. Background**
- 12. 2021/22 Budget and Forecast for 2022/23 and 2023/24**
- 13. Funding for Councils including Council Tax and Business Rates**
- 14. Contingency, General Reserves, and Earmarked Reserves**
- 15. 2021/22 Statutory Chief Finance Officer (CFO) Report and Advice on the Robustness of the Budget and Adequacy of Reserves and Balances**
- 16. The Capital Strategy, Capital Programme, MRP Policy, and links to Prudential Indicators**

### **Appendices**

**Appendix 1 – 2021/22 Budget Detail**

**Appendix 2(i) Transformation, savings, and Income Generation Proposals**

**Appendix 2(ii) Equalities Impact Assessments**

**Appendix 3 – Additional Financial Requirements**

**Appendix 4 – The Use of Reserves and Reserves Position**

**Appendix 5 – Detailed Directorate Summaries**

**Appendix 6 - The Capital Strategy**

**Appendix 7 – New Capital Bids**

**Appendix 8 – The Capital Programme 2021/22 to 2023/24**

**Appendix 9 – The MRP Statement**

## **1. Key Points of the Budget Report and Summary**

**1.1** This budget report sets out spending plans for the next three years and highlights areas of priority to support residents across Somerset as follows:

- £10.174m increased spending in adults social care services
- £8.976m increased spending in children's services
- Increased spending in infrastructure projects
- Reduced spending in back office services
- A new £10.8m Emergency Fund for activities to combat Covid-19 and its impacts
- Council tax rise of 1.99% with a further 3% adults social care precept

The budget also contains detail of the significant investment in schools, roads and other infrastructure across the county as follows:

- £129.861m allocated to major schemes in 2021/22 (SCC schemes)
- £73.913m of new projects approved
- Increased spending by £6.5m to address the Climate Change Emergency from both revenue and capital resources

Further detail is provided throughout this report and appendices. The papers also provide evidence of strong financial performance with Council reserves of £91.164m (£19.690m General Reserves and £71.474 Earmarked Reserves)

This report follows the update to Cabinet on the 20<sup>th</sup> January and previously the 16<sup>th</sup> December and details the Revenue and Capital Budgets for 2021/22 for approval together with Medium Term Financial Plan (MTFP) projections for 2022/23 and 2023/24. The report lays out a balanced budget for the coming year 2021/22.

**1.2** Preparation of the budget has constantly required review of the impacts of Covid-19 moving forward. During the pandemic there have been additional costs and pressures that have been presented in the budget monitoring reports throughout the year. In establishing the new 'normal' a base level of funding has needed to be set.

**1.3** Looking into the future, medium term financial planning has been challenging given the lack of information regarding longer term Government funding. Both the Fair Funding and Business Rates Retention reviews have been delayed until 2022/23. The Business Rates reset has also been delayed. The provisional Local Government Finance Settlement was announced on the 17 December 2020 and figures have been updated to include the outcome of this. The final Finance Settlement is expected at the end of January/ early February 2021.

**1.4** The detailed 2021/22 budget proposals and MTFP for future years were reviewed by Adult and Public Health Scrutiny Committee, Children and Families Scrutiny, and the Policies & Place Scrutiny in January/February 2021. The final budget proposals will be considered by Council on 17 February.

## **2. Recommendations**

That the Cabinet recommends Council approves

The General Fund net revenue budget for 2021/22 of **£356,072,100** and the individual service budgets for 2021/22 as outlined in **Appendix 1** including,

- a) The transformation, savings and income generation plans outlined in **Appendix 2(i)**, in conjunction with the Equalities Impact Assessments where required in **Appendix 2 (ii)**.
- b) The additional funding requirements set out in **Appendix 3**
- c) An increase in Council Tax of **1.99%** in 2021/22 (an increase of **£25.66** per Band D property).
- d) An increase of **3.00%** to Council Tax for the Adult Social Care Precept is approved in recognition of the current demands and financial pressures on this service. This is equivalent to an increase of **£38.67** on a Band D property.
- e) Agree to continue the Council Tax precept of **£12.84** within the base budget for the shadow Somerset Rivers Authority (representing no increase). This results in a Council Tax Requirement of **£2,560,700**,
- f) Agree the precept requirement of **£269,934,700** and set the County Council precept for Band D council tax charge at **£1,353.53** for 2021/22.
- g) The use of reserves for once-off spend and the overall estimated position of Earmarked Reserves outlined in **Appendix 4**.
- h) Note the adequacy of General Reserves at **£19.690m** within a risk assessed range requirement of **£18.70m - £20.67m**
- i) The Capital & Investment Strategy attached at **Appendix 6**
- j) The Capital Programme for 2021/22 of **£152.138m** including new capital bids of **£73.913m** outlined in **Appendix 7**, planned sources of funding, and notes the overall programme of **£231.711m** for 2022/23 to 2023/24 as outlined in **Appendix 8**.
- k) The MRP Policy attached at **Appendix 9**.

- l) The Capital Prudential Indicators outlined in **tables 12-18**.
- m) Delegate any amendments within the final Government Financial Settlement and the final Business Rates amendments to the Director of Finance in consultation with the Leader of the Council

### **3. Reasons for recommendations**

- 3.1** To recommend to full Council the Revenue and Capital Budgets, levels of Council Tax and other supporting documents as part of the statutory requirements to set a balanced budget for 2021/22.

### **4. Other options considered**

- 4.1** The Council has a legal duty to set a balance budget each year and these proposals fulfil that requirement.

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

- 5.1** The budget will link additional funding requirements (both revenue and capital), transformation, savings, and income generation to the delivery of the Council's key priorities within the Council's vision to create:

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

### **6. Consultations and co-production**

- 6.1.** The budget proposals have been developed by the Senior Leadership Team (SLT) working with the Cabinet. Where a detailed consultation is required this will be arranged as the agreed proposals for change are developed and implemented by the relevant directors.
- 6.2** The three Scrutiny Committees have also been consulted upon the detailed budget proposals in January and February 2021 and their comments will be provided to Cabinet.

### **7. Financial and Risk Implications**

- 7.1** The financial implications are set out in the report.
- 7.2** The Corporate Risk Register has been updated to include a new Strategic Risks ORG0057 – Sustainable MTFP with a current risk score of 4x4=16. This risk reflects the future uncertainty surround Government funding for Councils that will reviewed during the next financial year.

An assessment of the risks to general and earmarked reserves within the budget as set has taken place and the conclusion has been set out under the Director of Finance’s robustness assessment within this report.

Key risks have been outlined in **Table 18** of this report and these will continue to be monitored and reported as part of the budget monitoring process.

## **8. Legal and HR Implications**

- 8.1** The legal implications will be assessed as part of the overall budget process that will conclude in February 2021.
- 8.2** Any HR implications will be reviewed as part of the budget process.

## **9. Other Implications**

### **9.1 Equalities Implications**

The Equalities Officer has reviewed the Transformation, savings, and Income Generation Proposals and indicated which plans require a full Equalities Impact Assessment (EIA). This is shown in **Appendix 2(i)** with completed EIAs shown in **Appendix 2(ii)** for consideration when approving the budget for 2021/22.

### **9.2 Community Safety Implications**

There are no community safety implications arising from this report.

### **9.3 Sustainability Implications**

There are no sustainability implications arising from this report.

### **9.4 Health and Safety Implications**

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

### **9.5 Health and Wellbeing Implications**

There are currently no implications

### **9.6 Social Value**

There are currently no implications

## **10. Scrutiny comments / recommendations:**

The 2021/22 budget proposals were considered by the Polices Place Scrutiny Committee on 3 February 2021 and their feedback will be reported to the 8 February Cabinet meeting. The specific budgets for Adult Services and Public Health will be reviewed by Scrutiny Adults and Health and Children's Services by the Children's Family Scrutiny both to be held on the on the 27<sup>th</sup> January 2020. Draft comments will follow as soon as they are available.

## **11. Background**

**11.1** Preparations for the 2021/22 budget were reported to Cabinet in January 2021 and in December 2020 and highlighted the unique difficulty with producing the 2021/22 budget against the backdrop of the Covid-19 pandemic and the significant uncertainty that it brings.

On the 17th December the Government announced the final Local Government Finance Settlement which provided details of the funding for 2021/22 including referendum levels for Council Tax and the Adult Social Care precept. The final settlement is due at the end of January beginning of February but there is only a small chance of any changes being made. The outstanding area for the 2021/22 is the details of the Business Rates funding which the Districts will be compiling during January 2021 when they will also finalise the figures for the Collection Fund deficit/surpluses for Business Rates. Any surpluses will impact upon 2021/22 and any deficits will impact upon 2021/22, 2022/23 and 2023/24 as these will be spread over three financial years.

The Finance Settlement outlined significant changes in future Council funding through the Governments review of Fairer Funding and changes to the Business Rates retention scheme. There is also the on-going issue of longer-term funding of Adult Social Care and the Business Rates reset. These major changes provide greater uncertainty around the future years funding levels and make longer term financial planning more difficult to predict.

## **12. 2021/22 Budget and Forecast for 2022/23 and 2023/24**

The completion of the 2021/22 budget has now been finalised despite the significant uncertainty brought about by the Covid-19 pandemic. The budget proposals have been built up based upon the latest information and forecasting, but it has to be acknowledged that there are still some areas of uncertainty. As a result of this uncertainty the budget proposals include a Contingency of £6m. In addition to this tranche 5 Covid-19 grant has been transferred into a Covid-19 Emergency Fund to meet with additional Covid-19 pressures that will occur in 2021/22.

The overall financial environment continues to be challenging but despite this there is continued investment in key front-line services and an ambitious capital programme. This has been achieved by shifting resources to priority areas, the

continued transformation of services and driving out efficiencies. The draft proposals have been subject to review by SLT through various challenge processes. The latest estimates in preparing the 2021/22 budget are shown below in **Table 1** on a Service by Service basis.

**Table 1 - 2021/22 Proposed Budget for Approval and Indicative Budgets for 2022/23 and 2023/24**

<b>Original Budget 2020/21</b>		<b>Proposed Budget 2021/22</b>	<b>Indicative Budget 2022/23</b>	<b>Indicative Budget 2023/24</b>
<b>£m</b>	<b>Services</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
126.290	Adult Services	141.592	150.573	159.305
86.600	Children's Services	96.005	97.275	101.229
2.097	Public Health	1.411	1.421	1.429
73.100	Economic & Community Infrastructure Services	73.107	72.066	74.870
14.006	Corporate Affairs	13.297	14.734	15.106
7.762	HR&OD and Community Governance/Legal Services	8.566	7.872	8.176
2.965	Finance	3.057	3.166	3.330
	<b>Non-Service</b>			
6.000	Corporate Contingency	6.000	6.000	6.000
	Covid-19 Emergency Fund	10.800	0.000	0.000
2.421	Accountable Bodies	7.433	3.205	3.230
30.528	Corporate Areas	32.623	31.979	33.323
(19.964)	Special Grants	(37.819)	(22.140)	(21.573)
<b>331.804</b>	<b>Net Budget Requirement</b>	<b>356.072</b>	<b>366.151</b>	<b>384.425</b>
	<b>Financed by</b>			
(6.100)	Revenue Support Grant	(6.209)	(6.240)	(6.271)
(74.000)	Business Rates	(70.042)	(69.900)	(71.300)
(3.324)	Collection Fund (Surplus) / Deficit	13.700	0.000	0.000
(254.730)	Council Tax	(267.374)	(276.822)	(288.028)
(2.562)	Council Tax Somerset Rivers Authority	(2.561)	(2.574)	(2.599)
0.000	General Reserves	0.000	0.000	0.000
8.912	Earmarked Reserves	(23.587)	1.785	1.800
<b>(331.804)</b>	<b>Total Funding</b>	<b>(356.072)</b>	<b>(353.751)</b>	<b>(366.398)</b>
	Adjustment for prior years' budget gap	0.000	0.000	(12.400)
<b>0.000</b>	<b>MTFP Forecast Budget Gap</b>	<b>0.000</b>	<b>12.400</b>	<b>5.627</b>

**Appendix 1** sets out the service details of the budgets shown above and will form the basis of the level of budget monitoring in 2021/22. **Appendix 5** outlines the Detailed Directorate Summaries.

### **Budget Assumptions**

The budget for 2021/22 and forecast for 2022/23 and 2023/24 are based on the following assumptions:

- **Inflation** – Pay inflation has been allocated at 1% for 2021/22 in line with Government guidance but will be subject to the national agreement. Pay inflation has been included at 1.5% for 2022/23 and 2.0% for 2023/24. General and contractual inflation has been assessed by services.
- **Pension Costs** – Have been revised in line with the most recent revaluation
- **Interest Rates** – Estimated average interest of 0.1% per annum for treasury management cash investments. The Council will maintain a minimum cash policy;
- **Capital Spending** – an allowance has been made to fund borrowing costs for new schemes each year of the plan;
- **Borrowing** – the strategy continues to factor in longer term borrowing costs into the MTFs while continuing to optimise the use of cash balances subject to market conditions and the overriding need to meet cash outflows;
- **Finance Settlement** – The budget is based on the provisional financial settlement figures released on the 17<sup>th</sup> December. The MTFP assumes that the Business Rates reset occurs in 2022/23.
- **Funding Review** – Future years assume a neutral impact of the review of business rates (other than the reset) and Fairer Funding
- **Social Care Grant** – assumes that this grant continues at 2021/22 levels of £17.959m
- **Council Tax** - increases in tax base of 0.5% in 2022/23 and 1% 2023/24 with a 2.99% increase in the Band D charge
- **Adult Social Care Precept** – no further increases have been factored in beyond 2021/22

### **Transformation, Savings, and Income Generation Plans**

Transformation, savings and income generation proposals are attached in **Appendix 2(i)** with Equalities Impact Assessments (EIA) where required and completed in **Appendix 2(ii)**. **Appendix 2(i)** outlines where plans still require a full EIA and the proposal will not be delivered until these have been completed and reviewed.

### **Additional Funding Requirements**



Additional Funding Requirements are shown in **Appendix 3**. The requirements include pay, contractual, general inflation, demographic and demand pressures, and growth.

### **Action to Meet Future Year's Gaps**

The continued transformation of services will provide improvements to services, better efficiencies, and reduce cost pressures in the MTFP. There are a number of areas where work is progressing, and the full financial implications will need to be reflected in the MTFP.

In addition to this, other areas that will contribute to reducing the forecast budget gap in the MTFP, such as the work on joint commissioning and a review of fees and charges. Part of the work over the next few months will be to quantify the financial impact of all of these and build them into the updated MTFP position.

### **Climate Change Emergency**

Somerset Councils' Climate Emergency Declarations set out shared ambitions to deliver a Carbon Neutral Somerset by 2030 and to build our resilience for, or adapt to, the impacts of a changing climate. We have developed a shared Strategy for Somerset with our District partners and have added £0.254m in additional revenue funding. In addition to this £0.250m has been added to deal with ash dieback and £0.123m for additional tree maintenance.

In considering the proposed capital programme, new bids that support the response to climate change total £5.9m. Examples include:

- Investment in energy investment projects – £3.1m
- Energy efficient schemes - £1.3m
- Walking and cycling initiatives - £1.5m

### **Local Government Reorganisation**

SCC at Council on the 29 July approved the submission of the One Somerset Business Case to the Secretary of State, MHCLG. This was followed by an invitation for Yorkshire, Cumbria, and Somerset to submit bids for reorganisation in these areas.

The One Somerset Business Case outlined that a new single-tier unitary council would deliver £18.5m savings per year, with a one-off investment of £16.5m. Most of this one-off investment will be needed to set up the new authority and its operating structure with the savings mainly being delivered in its first full year of operation. As the decision is likely to be made within the next financial year it is prudent to set aside a proportion of the £16.5m transitional costs to enable that work to start as soon as a decision is made. Therefore, the budget

within Corporate Services includes £3.2m towards those transitional costs that will fall in 2021/22 to implement the One Somerset proposal. This will be funded from the Budget Equalisation Reserve.

### 13. Funding for Councils

The one-year Comprehensive Spending Review (CSR) for 2021/22 announced on the 25 November outlined that the Fairer Funding Review, review of business rates, and the business rates reset would be consulted on in 2021. The Provisional Settlement on the 17 December outlined the following grants:

**Table 2 – Government Grants Announced as Part of Financial Settlement**

Grant	Description	Estimated In 2021/22 £'m	Increase/ (Decrease) from Previous Year £'m	Indicative Budget 2022/23 £'m	Indicative Budget 2023/24 £'m
Revenue Support Grant	Government Grant Distributed based on need.	6.209	0.109	6.240	6.271
Rural Services Delivery Grant	Government Grant which supports the increased costs of delivering services in rural areas	2.521	0.121	2.521	2.521
New Homes Bonus	New Homes Bonus is an incentive-based grant to increase the number of new homes built and reduce the number of empty properties. This is currently being phased out. The Government has moved some of this funding to the Social Care Grant.	1.246	(0.795)	0.567	-
Social Care Grant	A Government Grant to support the cost pressures in both Adult and	17.959	3.259	17.959	17.959

	Children's social care.				
<b>Once-Off Covid-19 Support</b>					
Local Council Tax Scheme Grant	This Government Grant recognises the impact of Covid-19 on the Council Tax Support Scheme and is based on the number of claimants. The LCTS has an impact on the tax base and therefore the income from Council Tax to the authority.	4.2	4.2	-	-
Covid-19 Funding	Tranche 5 of Covid-19 support for the impact of Covid-19 in 2021/22. This is being held in a separate Emergency Fund to support services through the continued impact of Covid-19 in 2021/22	10.8	10.8	-	-
Covid-19 Sales, Fees and Charges Support	Government support for losses in sales, fees and charges. Claims will be submitted once losses have been calculated	TBA	-	--	

The final settlement has not been announced at the time of preparing this report.

It is expected at the end of January early February 2021.

In addition to the grants listed above the following are included within the Adults or Public Health Services budgets:

**Table 3 – Other Major Grants Embedded in Service Budgets**

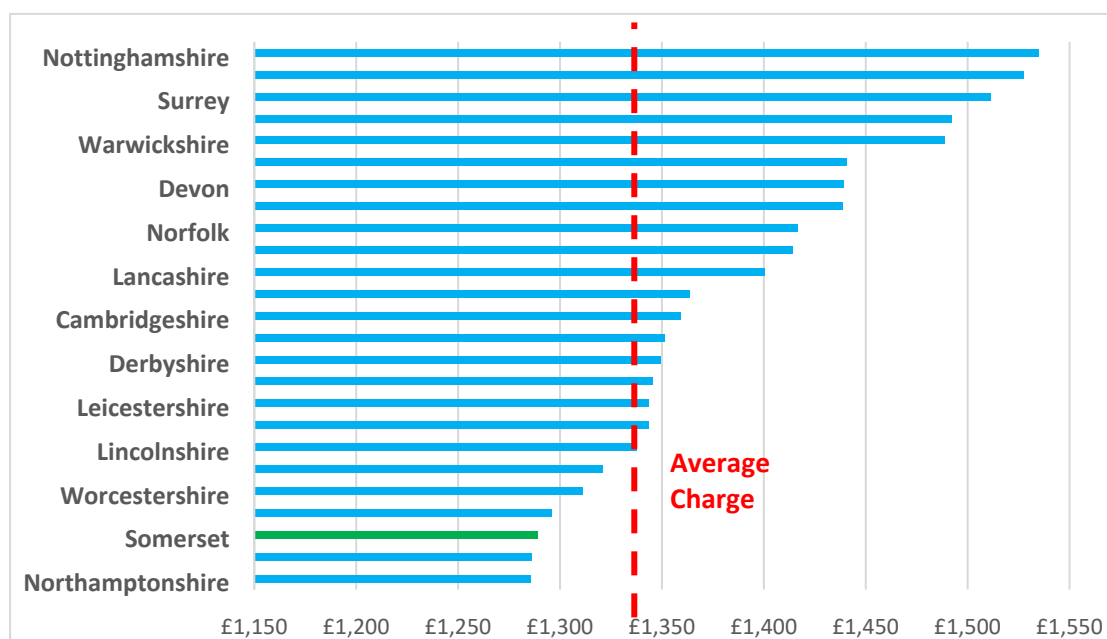
<b>Grant</b>	<b>Description</b>	<b>Estimated In 2021/22 £'m</b>	<b>Increase/ (Decrease) from Previous Year £'m</b>	<b>Indicative Budget 2022/23 £'m</b>	<b>Indicative Budget 2023/24 £'m</b>
Better Care Fund	Grant from the CCG for the integration of health and social care. Increase is not yet known but £13.191m received in 2021/22	13.191	-	13.191	13.191
Improved Better Care Fund	Government Grant to support local authorities to meet adult social care costs, reduce pressures on the NHS and support the social care market	22.685	-	22.685	22.685
Public Health Grant	Ringfenced Government funding to improve health in the local population	21.048	-	21.048	21.048

### **Council Tax**

Over the last few years there has been a national shift away from government funding to locally generated funding through Council Tax. The income from Council Tax is a product of the Tax Base multiplied by the Band D Council Tax charge.

**Table 4** shows the Council Tax charge for the current year of £1,289 for a Band D property which is the third lowest of all Shire County Councils with the average charge being £1,387.

**Table 4: Council Tax Band D Comparisons**



The Government controls council tax increases through the referendum limits and has set these for 2021/22 at 1.99% for Council Tax and 3% for Adult Social Care precept. Also, as part of Finance Settlement the government has taken these increases into account when allocating funding as part of the Core Spending Power (CSP) calculation for each council.

### Tax Base

The MTFP in February estimated an increase of 1.23% for 2021/22 but Covid-19 has had an impact upon unemployment, house building and council tax collection resulting in a reduction of 0.07%. The Tax bases has now been set by the District Councils and **Table 5** shows the figures for 2019/20 to 2021/22 and increase or decrease in 2021/22 compared to 2020/21. This has reduced the expected income for 2021/22 by £3.352m.

**Table 5: Changes to the Tax Base by District**

TAX BASE	2019/20	2020/21	2021/22	% Increase/ (Decrease)
Mendip DC	40,496.05	40,978.57	41,337.76	0.88
Sedgemoor DC	41,008.90	41,435.78	40,991.35	(1.07)
South Somerset DC	60,266.07	60,710.78	61,152.95	0.73
Somerset West and Taunton Council	56,622.78	56,449.87	55,947.87	(0.89)
<b>Total</b>	<b>198,393.80</b>	<b>199,575.00</b>	<b>199,429.93</b>	<b>(0.07)</b>

### Council Tax

Cabinet is requested to recommend an increase of 1.99%, £25.66 per annum (49p per week) in general Council Tax to Council, and a further 3.0%, £38.67 per annum (74p per week) increase in Adult Social Care Precept in line with those referendum limits and government expectations. This would add £64.33 per annum (£1.23 per week) to a Band D property. The overall Council Tax for 2021/22 including £12.84 towards the Somerset Rivers Authority would be £1,353.53 which is still below the current year's average charge for County Councils.

The overall Council Tax charge is broken down in accordance with the proportion set out in section 5(i) of the Local Government Act 1992 as follows:

	<b>Band A</b> £	<b>Band B</b> £	<b>Band C</b> £	<b>Band D</b> £	<b>Band E</b> £	<b>Band F</b> £	<b>Band G</b> £	<b>Band H</b> £
<b>General</b>	792.75	924.88	1,057.00	1,189.13	1,453.38	1,717.63	1,981.88	2,378.26
<b>ASC Precept</b>	101.04	117.88	134.73	151.56	185.24	218.92	252.60	303.12
<b>SRA</b>	8.56	9.99	11.41	12.84	15.69	18.55	21.40	25.68
<b>Total</b>	<b>902.35</b>	<b>1,052.75</b>	<b>1,203.14</b>	<b>1,353.53</b>	<b>1,654.31</b>	<b>1,955.10</b>	<b>2,255.88</b>	<b>2,707.06</b>

#### Adult Social Care Precept

The Government in recognising the continued pressures facing Adult Social Care (ASC) authorities, has allowed for a further 3.00% increase in 2021/22. The Council's plans include this for 2021/22 (this would increase the Adult Social Care Precept by £30.227m an increase of £7.697m from 2020/21). This will support the increase of £10.174m in the Adult Services budget in 2021/22. The Medium-Term Financial Plan assumes that this only applies to 2021/22 as the Provisional Settlement does not outline any further funding through this source.

#### Collection Fund Surpluses/Deficit

In-year collection of Council Tax by the Districts has also been impacted by the Covid-19 pandemic. The Government has set out legislation for authorities to spread any deficit for 2020/21 over a three-year period. The government has also set aside funding for any irrecoverable losses but the criteria for accessing this is not yet clear and the amount won't be known until the District Councils have closed down their accounts and completed the claims.

The impact for SCC is £4.636m over the next three years as shown below:

#### **Table 6- Collection Fund Surpluses and Deficits (Council Tax)**

Authority	2021/22	2022/23	2023/24	Total Deficit/ (Surplus)
	£'m	£'m	£'m	£'m
Mendip D C	0.273	0.229	0.229	<b>0.730</b>
Sedgemoor D C	1.293	0.448	0.448	<b>2.190</b>
Somerset West and Taunton Council	(0.048)	0.326	0.326	<b>0.604</b>
South Somerset D C	0.536	0.288	0.288	<b>1.112</b>
<b>Total</b>	<b>2.054</b>	<b>1.291</b>	<b>1.291</b>	<b>4.636</b>

This deficit will be funded from funding asset aside for this purpose in the Covid-19 Reserve.

### **Estimates for Future Years Band D Council Tax**

The current Medium-Term Financial Plan has factored in an annual increase of 2.99% per annum over the period of the plan.

#### **Business Rates**

The review of Business Rates has been delayed and it has been announced as part of provisional Finance Settlement that the business rate reset that was due to take place in 2021/22 will also be delayed. This benefits the authority in 2021/22 but impacts the budget for 2022/23.

The provisional Finance Settlement set the Tariff & Top Up for 2021/22 at £53.1m, the Safety Net at £63.2m and Baseline at £68.3m. The draft budget proposals assume a Business Rates income of £70.3m. All of the Councils in Somerset participate in a Business Rates pool that will continue in 2021/22. An assessment of the risks and rewards of continuing with the pool has been completed with amendments reducing risks of losses to SCC being agreed. No pool gains or losses have been factored into the budget currently and the position will be monitored during the year.

The Districts will also be providing the surplus / deficit position of the Business Rates Collection Fund in the current year. Similar to Council Tax, any deficits from 2020/21 will be spread over the next 3 financial years. The position on Business Rates is made more complex with there being differences between cash and accounting positions which are more distorted due to section 31 payments from government in supporting the business sector as a result of Covid-19.

Overall, £9.5m has been set aside within the Covid-19 Reserve plus £4.2m from the Budget Equalisation Reserve to support Collection Fund deficits within Council Tax and Business Rates that have resulted from the Covid-19 pandemic.

### Schools and Dedicated Schools Grant (DSG)

Schools are funded by the Dedicated Schools Grant (DSG) which is initially allocated to the Council by the Department for Education (DfE). The DSG supports all expenditure in schools (who set their own budgets) and the activities that the Council carries out directly for schools. It does not cover the statutory responsibilities the Council has towards parents. These responsibilities are funded through the Councils main revenue funding and included as part of the proposed Budget.

In July 2020, the DfE published provisional allocations for the schools, high needs and central services blocks. Final allocations based on pupil numbers from the October 2020 school census have now been made. The allocations were approved by Cabinet on the 20<sup>th</sup> January 2021.

The allocation for Somerset Schools is an increase of £12.7m<sup>1</sup>. The Schools Forum supported the approach to delegation of the Schools Block in line with the National Funding Formula (NFF) at their meeting on the 25<sup>th</sup> November 2020 and approved the final Individual Schools Budget (ISB) proposal at their meeting on the 13<sup>th</sup> January 2021. The proposals were then approved by Cabinet on the 20<sup>th</sup> January 2021.

High needs funding to support children with Special Education Needs and Disabilities (SEND) is increasing by £730m nationally, with an increase in High Needs Block allocation for Somerset of £7.5m<sup>2</sup>. Nationally central schools services funding has increased for ongoing responsibilities but will decrease by 20% for historic commitments.

The Early Years hourly rate for 3-4-year-old entitlement has increased by 6p and by 8p for the 2-year-old entitlement. The total 2021-22 Early Years Block allocation has increased by £0.4m.

With the introduction of the National Funding Formula (NFF) the DSG was ring-fenced for schools from 2018/19 making the LA responsible for the demographic pressures being observed in the SEND / High Needs element of the DSG (although schools can contribute up to 0.5% of the ringfenced sum if agreed by the Schools Forum). However, local authorities cannot contribute to any deficit. The DSG deficit at the end of 2019/20 was £11.1m and this is expected to increase to £16.6m by the end of 2020/21. The Somerset Deficit Management Plan is being updated following the systems response to the

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<sup>1</sup> Excluding Teachers' Pay and Pensions which is now included in the DSG (previously via separate grant allocation)

<sup>2</sup> Including Teachers' Pay and Pensions and before recoupment and deductions for direct funding of high needs places by the ESFA



COVID-19 emergency and in light of the Written Statement of Action in response to the joint Ofsted and CQC inspection.

At the end of 2019/20 the level of reserves of maintained schools was £15.3m.

#### 14. Contingency, General Reserves, and Earmarked Reserves

The proposed budget includes two contingency sums £6.0m in Corporate Contingency and £10.8m Covid-19 Emergency Fund. The former will be held for unforeseen non Covid-19 related budget issues with the latter being held for specific Covid-19 related additional demands on services during the year. These will be allocated as part of the budget monitoring reports in 2021/22

Reserves are either General Reserves which are held to manage general financial risks or Earmarked Reserves to be used for specific purposes. The Council also holds Earmarked Reserves on behalf of other organisations in its role as accountable body. As the council does not control these they should not be included when assessing the Council's level of reserves.

The current level of the General Reserves of £19.690m will be maintained within a range of £18.7m to £20.67m in 21/22. This is 5.7% of the net revenue budget. Although there is no guidance on the appropriate level of General Reserves to hold, 5% is widely been seen as general good practice. In addition to this an overall review of contingency and reserves has been undertaken as part of the robustness review by the Directors and Director of Finance. Given the Covid-19 pandemic, major uncertainty and changes to future council funding having General Reserves at this level seems appropriate and robust.

Earmarked Reserves are expected to total £71.474m at the start of 2021/22 and will be increased by the Covid-19 related grant for Council Tax Support (LCTS) £4.2m which will be used as intended to support the reduction in Council Tax income within the Collection Fund and tax base.

The Use and position of Earmarked Reserves in 2021/22 is attached at **Appendix 4**.

**Table 7 – Summary of Contingency, General Reserves, Earmarked Reserves Position**

	Estimated Opening position at start of 2021/22 £'m	Estimated Opening position at start of 2022/23 £'m	Estimated Opening position at start of 2023/24 £'m	Estimated Opening position at start of 2024/25 £'m
General	6.000	6.000	6.000	6.000

Contingency				
Covid-19 Emergency Fund	10.800	-	-	-
General Reserves	19.690	19.690	19.690	19.690
Earmarked Reserves	71.474	52.734	53.519	54.319
<b>Total</b>	<b>107.964</b>	<b>78.424</b>	<b>79.209</b>	<b>80.009</b>

**Table 8 – Summary of Funds Held on Behalf of Other Bodies**

	<b>Estimated Opening position at start of 2021/22 £'m</b>	<b>Estimated Opening position at start of 2022/23 £'m</b>	<b>Estimated Opening position at start of 2023/24 £'m</b>	<b>Estimated Opening position at start of 2024/25 £'m</b>
Earmarked Reserves	11.201	16.291	16.291	16.291
<b>Total</b>	<b>11.201</b>	<b>16.291</b>	<b>16.291</b>	<b>16.291</b>

## **15. Robustness of and Risks within the Proposed Budget for 2021/22 Statutory Chief Finance Officer (CFO) Report and Advice on the Robustness of the Budget and Adequacy of Reserves and Balances**

### **Introduction**

The Local Government Act 2003 states that when a local authority is preparing its budget, "the Chief Finance Officer of the authority must report to it on the following matters:

- (a) the robustness of the estimates made for the purposes of the calculations; and;
- (b) the adequacy of the proposed financial reserves."

And goes on to state that the authority "shall have regard to the report when making decisions about the calculations in connection with which it is made."

This report has been prepared by the Director of Finance to fulfil his duty and gives the required advice relating to the 2021/22 financial year including a consideration of the budget proposals and the financial risks facing the Council within this budget. Also, it identifies the Council's approach to budget risk management and assesses the particular risks associated with the 2021/22 budget to inform the advice.

## **CIPFA's Financial Resilience Index**

CIPFA has published its Financial Resilience Indicators for each authority. These measure different aspects of financial indicators such as levels of reserves across each tier of local authority. The latest data available is based on 2018/19 which showed high financial stress in earmarked reserves and social care ratio (i.e. the level of spend on Adults and Children's services compared to overall net spend) within the CIPFA family group of County Authorities. However, the data also shows that these areas had improved compared to 2017/18.

The overall level of reserves has improved remarkably since 2017/18 when total reserves were £23.749m – the level of reserves (general and earmarked) expected at the end of this financial year is £91.184m. Levels of reserves are expected to remain at £74.009m by the end of 2023/24 to retain this resilience.

## **Executive Summary of the Director of Finance (CFO) on the budget position**

For 2021/22 the total gap before transformation, savings, and income generation is £5.655m after the inclusion of council tax increases. The assessment of the plans to close the gap do not require funds from Reserves to finance ongoing expenditure. The Covid-19 pandemic continues to be of high risk to the Council both in terms of continuation and short and long-term effects on service provision. A Covid-19 Emergency Fund of £10.8m has been set up to provide ongoing support to services in the new financial year as well as the setting of a Revenue Budget Contingency sum of £6.0m to reflect the level of risk associated with delivery of the budget in 2021/22. There is an expectation however, that services will be managed within the budget envelope approved by Council and additional support will be allocated only when additional need can be robustly demonstrated.

## **Consequences of Failing to Deliver a Budget**

If the Council is unable to produce a budget or a plan for reducing the budget requirement for future years or finds it cannot deliver the budget in year, the CFO (under s151 of the Local Government Act) would be required to produce a Section 114 report.

Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's members to be made by the CFO, in consultation with the Council's Monitoring Officer and Head of Paid Service, if "the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure" (i.e. there is likely to be an unbalanced budget). In this event the Council must consider the report within 21 days and decide whether

it agrees or disagrees with the views in the report and what action it proposes to take to bring the budget into balance. The publication of such a report starts an immediate 'prohibition period'. This means that everyone who has delegated authority to spend the Council money immediately has those powers suspended during the prohibition period, and only the CFO can authorise new commitments.

### **Report of the Director of Finance (CFO) in Respect of Statutory Duties**

The Budget Report sets out the Council's financial position and budget. This is the formal report and is part of a continuum of professional advice and is the culmination of a budget process in which substantial detailed work has already been carried out with Directors, Senior Managers and their teams and Members. This section provides a summary of the conclusions which are considered in more detail within this report and its appendices.

In respect of the robustness of estimates, estimates have been prepared by Directors and their staff supported by appropriate finance staff reviewing additional financing requirements including demand and inflation, transformation, savings, and income generation. Each Director has completed a Robustness Statement outlining confidence levels in the budget and also the delivery of the Transformation, savings, and income generation proposals that have been incorporated into a corporate wide assessment. A Corporate contingency budget of £6.0m has been included to mitigate unforeseen risks, as well as a Covid-19 Emergency Fund of £10.8m to meet further Covid-19 pressures on services in 2021/22.

Considerable funding of an additional £19.150m has been added to the Adults and Children's Services budgets. Monitoring of the budget especially around the demand pressures in these services will be critical to identifying any emerging issues as quickly as possible.

A shortfall of £12.400m has been identified for 2022/23 and plans will need to be put in place as soon as possible to fund this gap.

In the context of the overall budget the financial position continues to be challenging, but the **CFO concludes that the estimates are robust**, in that they have been robustly constructed.

With regard to the adequacy of General Reserves, the level of £19.690m (within the required range of £18.7m to £20.67m) in addition to £71.474m of Earmarked Reserves and levels of budget Contingency

**The conclusion of the CFO is that the estimates for 2021/22 are robust and the budget is lawful, levels of general and earmarked reserves are adequate and reasonable in meeting the Council's risks.**

## 16. The Capital Strategy and Programme

### Capital & Investment Strategy

Production of a Capital and Investment Strategy was a new Government requirement for 2019/20 and is the overarching document which sets the policy framework for the development, management and monitoring of capital investment as well as lending to other organisations and commercial investments. The strategy focuses on core principles that underpin the council's capital programme, investment property, financing and the risks that will impact on the delivery of the programme; and the governance framework required for decision making and delivery. The Capital and Investment Strategy is attached at **Appendix 6**.

### New Capital Projects and the Overall Capital Programme

The Prudential Code for Capital Finance in Local Authorities was updated in December 2017. The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

It required authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long-term financial implications and potential risks to the authority.

The Covid-19 pandemic has had an impact on the delivery of schemes this year. The budget position has been reprofiled and reflects the revised spend profile.

Bids from services for new capital schemes due to start in 2021/22 have been received and are summarised in the table below (a summary of each scheme is attached at **Appendix 7**):

**Table 9 – Summary of New Capital Schemes**

Directorate	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Adult Services	2.116	1.000	-	<b>3.116</b>
Children's Services	11.088	6.900	3.322	<b>21.310</b>
Economic & Community Infrastructure Services	36.329	9.681	-	<b>46.010</b>

Corporate Affairs	2.885	0.592	-	<b>3.477</b>
<b>SCC Total</b>	<b>52.418</b>	<b>18.173</b>	<b>3.322</b>	<b>73.913</b>

This is funded as follows:

<b>Financed By</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>Total £m</b>
Borrowing	19.431	13.364	3.152	<b>45.947</b>
Capital fund reserve	1.000	1.000		<b>2.000</b>
Capital Receipts	2.733	1.181	-	<b>3.914</b>
Revenue	1.500	-	-	<b>1.500</b>
Third Party Contributions	0.174	0.419	0.170	<b>0.763</b>
Grants	27.580	2.209	-	<b>29.789</b>
<b>SCC Total</b>	<b>52.418</b>	<b>18.173</b>	<b>3.322</b>	<b>73.913</b>

The following tables present the capital programme in its entirety. This has taken into consideration a review of current approved programme and includes the additional new starts for 2021/22:

**Table 10 – Overall Capital Programme 2021/22 to 2024/25 Onwards**

<b>SCC Service Area</b>	<b>2021/22 £m</b>	<b>2023/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 onwards £m</b>	<b>Total £m</b>
Adult Services	2.177	1.054	-	-	<b>3.231</b>
Children's Services	40.900	27.844	7.727	1.850	<b>78.321</b>
Economic & Community Infrastructure Services	83.899	30.224	8.189	2.093	<b>124.405</b>
Corporate Affairs	2.885	0.593	-	-	<b>3.478</b>
<b>SCC Total</b>	<b>129.861</b>	<b>59.714</b>	<b>15.916</b>	<b>3.943</b>	<b>209.434</b>
<b>Financing</b>					
Borrowing	50.529	34.745	5.634	0.435	<b>91.343</b>
Capital fund reserve	1.000	1.000			<b>2.000</b>
Capital Receipts	3.035	2.516	-	-	<b>7.551</b>
Revenue	1.500	-	-	-	<b>1.500</b>
Third Party Contributions	3.138	5.672	2.972	1.407	<b>13.189</b>
Grants	70.659	15.781	7.310	2.101	<b>95.851</b>
<b>SCC Total</b>	<b>129.861</b>	<b>59.714</b>	<b>15.916</b>	<b>3.943</b>	<b>209.434</b>

Plus:

<b>Accountable Body Service Area</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 onwards £m</b>	<b>Total £m</b>
Local Enterprise Partnership	22.277	-	-	-	<b>22.277</b>
Somerset Rivers Authority	-	-	-	-	-
<b>Accountable Body Total</b>	<b>22.277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22.277</b>
<b>Overall Programme Spend Total</b>	<b>152.138</b>	<b>59.714</b>	<b>15.916</b>	<b>3.943</b>	<b>231.711</b>

This proposed programme is funded through the following resources:

<b>Financed By</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 onwards £m</b>	<b>Total £m</b>
Borrowing	50.529	34.745	5.634	0.435	<b>91.343</b>
Capital fund reserve	1.000	1.000			<b>2.000</b>
Capital Receipts	3.035	2.516	-	-	<b>5.551</b>
Revenue	1.500	-	-	-	<b>1.500</b>
Third Party Contributions	3.138	5.672	2.972	1.407	<b>13.189</b>
Grants	92.936	15.781	7.310	2.101	<b>118.128</b>
<b>SCC TOTAL</b>	<b>152.138</b>	<b>59.714</b>	<b>15.916</b>	<b>3.943</b>	<b>231.711</b>

The full Capital Programme is attached at **Appendix 8** for approval.

### **Minimum Revenue Provision (MRP) Statement**

The Council is required to make revenue provision to repay capital spend that is financed by borrowing (either supported or unsupported). This is called the Minimum Revenue Provision (MRP). The Department of Communities & Local Government has issued regulations that require full Council to approve an MRP Policy in advance each year, or if revisions are proposed during the year they should be put to the Council at that time. The policy is attached at **Appendix 9**.

### **Prudential Indicators**

The key objectives of the Prudential Code are to ensure that capital investment plans of local authorities are affordable, prudent, and sustainable. The Capital Prudential Indicators and one additional voluntary indicator are set out within

the capital strategy and the Treasury Management Strategy and are shown below and following a brief narrative of their purpose:

**Table 11 - Prudential Indicator 1: Estimates of Capital Financing Requirement:**

	<b>31.03.2020</b> <b>actual</b> <b>£m</b>	<b>31.03.2021</b> <b>forecast</b> <b>£m</b>	<b>31.03.2022</b> <b>budget</b> <b>£m</b>	<b>31.03.2023</b> <b>budget</b> <b>£m</b>	<b>31.03.2024</b> <b>budget</b> <b>£m</b>
<b>TOTAL CFR</b>	<b>422.144</b>	<b>471.144</b>	<b>517.808</b>	<b>548.585</b>	<b>545.871</b>

**Table 12 - Prudential Indicator 2: Gross External Debt and the Capital Financing Requirement**

	<b>31.3.2020</b> <b>actual</b> <b>£m</b>	<b>31.3.2021</b> <b>forecast</b> <b>£m</b>	<b>31.3.2022</b> <b>budget</b> <b>£m</b>	<b>31.3.2023</b> <b>budget</b> <b>£m</b>	<b>31.3.2024</b> <b>budget</b> <b>£m</b>
Short term debt	7.395	10.000	10.000	10.000	10.000
Long term debt *	332.176	330.270	328.967	323.796	311.794
Assumed debt not yet taken	0.000	0.000	90.370	125.370	145.370
PFI & leases	41.972	42.533	39.872	38.676	37.364
Total external borrowing	<b>381.543</b>	<b>382.803</b>	<b>469.209</b>	<b>497.842</b>	<b>504.529</b>
Capital Financing Requirement	<b>422.144</b>	<b>471.228</b>	<b>517.808</b>	<b>548.585</b>	<b>545.871</b>

**Table 13 - Prudential Indicator 3 & 4: Authorised limit and operational boundary for external debt**

	<b>2019/20</b> <b>limit</b> <b>£m</b>	<b>2020/21</b> <b>limit</b> <b>£m</b>	<b>2021/22</b> <b>limit</b> <b>£m</b>	<b>2022/23</b> <b>limit</b> <b>£m</b>	<b>2023/24</b> <b>limit</b> <b>£m</b>
Authorised limit – borrowing	401.747	402.419	508.051	541.875	556.455
Authorised limit – PFI and leases	53.972	55.533	52.872	51.301	49.989
<b>Authorised limit – total external debt</b>	<b>455.719</b>	<b>457.952</b>	<b>560.923</b>	<b>593.176</b>	<b>606.444</b>
Operational boundary – borrowing	371.747	372.419	463.051	496.875	511.455
Operational boundary – PFI and leases	46.972	47.533	44.872	43.301	41.989
<b>Operational boundary – total external debt</b>	<b>418.719</b>	<b>419.952</b>	<b>507.923</b>	<b>540.176</b>	<b>553.444</b>



**Table 14 - Prudential Indicator 5: Proportion of financing costs to net revenue stream**

	<b>2019/20 actual</b>	<b>2020/21 forecast</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>
Financing costs (£m)	22.985	22.286	22.832	25.216	27.541
Proportion of net revenue stream	6.73%	6.18%	6.17%	6.75%	7.19%

**Table 15 - Prudential Indicator 6: Maturity Structure of Borrowing**

	Upper Limit	Lower Limit
Under 12 months	50%	15%
>12 months and within 24 months	25%	0%
>24 months and within 5 years	25%	0%
>5 years and within 10 years	20%	0%
>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%

**Table 16 - Prudential Indicator 7: Principal sums invested for periods longer than a year**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Prudential Limit for principal sums invested for periods longer than 1 year	75	75	75

**Table 17 - Voluntary Indicator: Credit Risk Indicator**

<b>Credit risk indicator</b>	<b>Target</b>
Portfolio average credit rating (score)	A (6.0)

## **Gross Debt and the Capital Financing Requirement**

In order to ensure that over the medium-term debt will only be for a capital purpose, the Council should ensure that external debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

After reviewing the capital programme and borrowing proposals, the Section 151 officer reports that the Council will continue to meet the demands of this indicator.

## **Borrowing limits**

The Authorised limits for external debt include current commitments and proposals in the budget report for capital expenditure, plus additional headroom over and above the operational limit for unusual cash movements.

The Operational boundary for external debt (or planned borrowing level) is based on the same estimates as the authorised limit, but including an allowance for cash flow funding of specific capital schemes and without the additional headroom for unusual cash movements

There is increased funding to the current programme through confirmed external funding and a minimal requirement for new SCC resource. All cost of debt is factored into the revenue financial plans.

The CSR also announced that following consultation that PWLB rates would be reinstated to levels set before the 1% increase made in October 2019. However, under new rules Councils seeking to borrow from the PWLB will have to provide a three-year capital plan, confirming that it does not intend to borrow primarily for yield at any point over the period or from any source. The aim of this is to curb local authority borrowing to purchase investment properties. This will not impact on the Council's overarching strategy for borrowing and financing of the capital programme. In the current economic circumstances, we will continue to reduce financing costs by borrowing internally as detailed in the Treasury Management Strategy.

### **Maturity structure of borrowing, principal sums investment limits and credit risk**

These are indicators specific to treasury management activity to manage a balance portfolio of debt and control the Council's exposure to the risk of losses of its investments.

## **16. Financial Risk and Management**

A risk assessment has taken place including Directors assessing the key risks to their budget areas and an overall review by the Director of Finance as part of assessing the robustness of the budget estimates and levels of contingency, general reserves, and earmarked reserves. These are currently assessed as:

**Table 18 – Key Risks to the 2021/22 Budget**

<b>Risk</b>	<b>Rag Rating (R/A/G)</b>	<b>Risk Owner</b>	<b>Management and Mitigations</b>
Continuation and/or	<b>R</b>	Strategic	A £10.8m Emergency Fund

consequences/ long term impact of Covid-19 pandemic adds further demands on services to escalate beyond current estimates and contingencies		Leadership Team	has been set up for 2021/22 in addition to a £6m Contingency Budget. The impacts will be closely monitored within the monthly budget monitoring process
Interest rates turn negative	<b>A</b>	Director of Finance	Interest rates already predicted at 0.1% next year. The current strategy of internal borrowing would continue to benefit SCC in these circumstances
Impact on business rates is greater than currently estimated	<b>A</b>	Director of Finance	Although SCC has continued to participate in the business rates pool. Any pooling gain will not be recognised until the outcome for the year is known. The Collection Fund Deficit will be either partly or fully met by the £13.x m set to one side to meet this.
Pay awards will be higher than estimated	<b>A</b>	Director of HR and OD	Each 1% costs approximately £2.5m. A 1% increase has been factored into the budget. Any further allocations would need to be found from the £6m contingency budget.
Anticipated transformation, savings and income generation not delivered	<b>A</b>	Relevant Director	Directors have reviewed their proposals as part of the robustness review of the budget. Red risk proposals have not been taken forward within the budget so all remaining proposals are either amber or green. These will be monitored as part of budget monitoring.
Changes to Government Policy that affects future	<b>A</b>	SLT	There are several reviews underway including the

funding			future of social care, business rates, and fairer funding. However, it is not expected that these will impact on 2021/22
Economic downturn impacts on income	<b>A</b>	Relevant Director	Losses on fees and charges will continue to be partly compensated in the first quarter of 2021/22.
Brexit risks	<b>A</b>	SLT	The UK exited the EU on the 31 December 2020. It is therefore too early to assess either positive or negative impacts on local government or the local economy
Unforeseen events outside SCC's control	<b>A</b>	Relevant Director	Events such as extreme weather, increases in fuel and utility costs and changes in recycling material values are outside our direct control.

These key risks will continue to be monitored and reported through regular budget monitoring to Cabinet.

### **Report Sign-Off**

		Signed-off
Legal Implications	Honor Clarke	26/01/21
Governance	Scott Woodridge	26/01/21
Corporate Finance	Jason Vaughan	26/01/21
Human Resources	Chris Squire	26/01/21
Property	Paula Hewitt / Oliver Woodhams	26/01/21
Procurement / ICT	Simon Clifford	26/01/21
Senior Manager	Jason Vaughan	26/01/21
Commissioning Development	Vikki Hearn	26/01/21
Local Member	All	Click or tap to enter a date.
Cabinet Member	Cllr Mandy Chilcott - Cabinet Member for Resources	26/01/21
Opposition Spokesperson	Cllr Liz Leyshon	26/01/21
Scrutiny Chair	Cllr Anna Groskop - Place Scrutiny	26/01/21

**2021/22 Budget Detail****Appendix 1**

	<b>Original Budget 2020/21</b>	<b>Proposed Budget 2021/22</b>	<b>Indicative Budget 2022/23</b>	<b>Indicative Budget 2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Services</b>				
<b>Adult Services</b>				
Adult Social Care Operations	74.677	75.583	76.643	77.745
Mental Health	15.313	19.709	20.902	22.094
Learning Disabilities	81.650	87.330	90.038	92.257
Commissioning	-45.350	-41.030	-37.010	-32.791
<b>Adult Services Total</b>	<b>126.290</b>	<b>141.592</b>	<b>150.573</b>	<b>159.305</b>
<b>Children's Services</b>				
Early Help	4.115	4.812	5.458	5.642
Fostering & Permanence	11.735	12.062	12.492	12.797
External Placements	21.221	24.858	26.116	28.181
Fieldwork	7.869	8.525	8.785	8.968
Disabilities	2.900	3.023	3.117	3.198
Partnership, Audit & Quality	1.081	1.826	1.646	1.674
Business Support	3.082	3.490	3.636	3.774
Children Looked After	4.162	4.336	4.416	4.473
Leaving Care	1.856	1.943	1.976	1.996
Central	2.551	1.189	1.554	1.557
Commissioning	8.049	9.170	8.580	9.107
Safeguarding	0.491	0.136	0.141	0.145
Improving Outcomes & Sufficiency	0.575	0.692	0.628	0.627
Inclusion	2.586	4.891	3.251	3.268
Home to School Transport	9.195	9.812	10.004	10.147
SEND Transport	4.816	5.240	5.475	5.675
West Somerset Opportunity Area	0.317	0.000	0.000	0.000
<b>Children's Services Total</b>	<b>86.600</b>	<b>96.005</b>	<b>97.275</b>	<b>101.229</b>
<b>Public Health</b>				
Public Health	2.097	1.411	1.421	1.429
<b>Public Health Total</b>	<b>2.097</b>	<b>1.411</b>	<b>1.421</b>	<b>1.429</b>
<b>Economic &amp; Community Infrastructure Services</b>				
Economic Development	4.125	4.192	2.227	2.267
Highways and Transport Commissioning	1.925	1.750	1.872	1.932
Community Infrastructure Commissioning & Commissioning Development	1.049	1.184	1.125	1.144
Civil Contingencies	0.181	0.186	0.196	0.204
Scientific Services	0.093	0.071	0.084	0.096
Registration Service	-0.255	-0.224	-0.179	-0.147
Library Service	3.944	3.665	3.782	3.883
Transporting Somerset	9.260	9.210	8.655	8.867
Infrastructure Programme Group	0.330	0.331	0.371	0.404

Highway Operations	10.995	11.691	12.177	12.848
Business Support	0.711	0.724	0.747	0.764
Heritage	1.638	1.797	1.644	1.644
Traffic Management	2.826	2.759	1.167	1.189
Somerset Waste Partnership	29.989	31.444	32.435	33.927
SCC Waste	0.034	-1.339	0.014	0.014
Strategic Property	5.873	5.666	5.749	5.834
<b>Economic &amp; Community Infrastructure Services Total *</b>	<b>72.718</b>	<b>73.107</b>	<b>72.066</b>	<b>74.870</b>
<b>Corporate Affairs</b>				
Communications	0.676	0.614	0.455	0.477
Customers & Communities	3.138	2.992	3.133	3.251
Commercial Advisory & Procurement	0.307	0.056	1.141	1.169
Business Change	2.078	1.760	1.458	1.514
ICT	7.807	7.875	8.547	8.695
<b>Corporate Affairs Total</b>	<b>14.006</b>	<b>13.297</b>	<b>14.734</b>	<b>15.106</b>
<b>HR&amp;OD and Community Governance/Legal Services</b>				
Democratic Services	1.721	2.617	1.752	1.789
Legal Services	3.309	3.385	3.459	3.522
HR and OD	2.732	2.564	2.661	2.865
<b>HR&amp;OD and Community Governance/Legal Services Total</b>	<b>7.762</b>	<b>8.566</b>	<b>7.872</b>	<b>8.176</b>
<b>Finance</b>				
Finance	2.965	3.057	3.166	3.330
<b>Finance Total</b>	<b>2.965</b>	<b>3.057</b>	<b>3.166</b>	<b>3.330</b>
<b>Trading Units</b>				
Dillington	0.000	0.000	0.000	0.000
Support Services for Education	0.000	0.000	0.000	0.000
<b>Trading Units Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Services</b>	<b>312.438</b>	<b>337.035</b>	<b>347.107</b>	<b>363.445</b>
<b>Non-Service</b>				
<b>Corporate Contingency</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>
<b>Covid-19 Contingency</b>	<b>0.000</b>	<b>10.800</b>	<b>0.000</b>	<b>0.000</b>
<b>Accountable Bodies</b>				
Somerset Rivers Authority	1.871	5.144	2.574	2.599
Local Enterprise Partnership	0.550	1.396	0.000	0.000
Connecting Devon and Somerset	0.381	0.893	0.631	0.631
<b>Accountable Bodies Total *</b>	<b>2.802</b>	<b>7.433</b>	<b>3.205</b>	<b>3.230</b>
<b>Corporate Areas</b>				
Bank Charges	0.133	0.133	0.133	0.133

One Somerset	0.000	3.200	0.000	0.000
Contributions	0.855	0.883	0.908	0.908
Central Redundancies	0.500	0.500	0.500	0.500
Audit Fee	0.110	0.140	0.140	0.140
Discontinued Services	3.035	3.035	3.035	3.035
Pension Deficit	5.085	5.272	5.468	5.468
Subscriptions & Other	0.349	0.358	0.367	0.375
Apprenticeship Levy/Reclaim	0.360	0.371	0.386	0.400
Central Debt Charges	22.706	20.570	23.055	24.415
Investment Income	-2.605	-1.839	-2.013	-2.051
<b>Corporate Areas Total</b>	<b>30.528</b>	<b>32.623</b>	<b>31.979</b>	<b>33.323</b>
<b>Special Grants</b>				
Lead Local Flood Authority	-0.080	0.000	0.000	0.000
Inshore Fisheries Conservation Authority	-0.133	-0.133	-0.133	-0.133
Extended Rights to Free Travel	-0.611	-0.611	-0.611	-0.611
New Homes Bonus	-2.040	-1.246	-0.567	0.000
Local Reform and Community Voices	0.000	-0.350	-0.350	-0.350
Covid-19 Support Grant	0.000	-10.800	0.000	0.000
Local Council Tax Support Scheme	0.000	-4.200	0.000	0.000
Rural Services Delivery Grant	-2.400	-2.521	-2.521	-2.521
Social Care Support Grant	-14.700	-17.958	-17.958	-17.958
<b>Special Grants Total</b>	<b>-19.964</b>	<b>-37.819</b>	<b>-22.140</b>	<b>-21.573</b>
<b>Total Non-Service</b>	<b>19.366</b>	<b>19.037</b>	<b>19.044</b>	<b>20.980</b>
<b>TOTAL SOMERSET COUNTY COUNCIL</b>	<b>331.804</b>	<b>356.072</b>	<b>366.151</b>	<b>384.425</b>

	<b>Original Budget 2020/21</b>	<b>Proposed Budget 2021/22</b>	<b>Indicative Budget 2022/23</b>	<b>Indicative Budget 2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Financed by</b>				
Revenue Support Grant	-6.100	-6.208	-6.240	-6.271
Business Rates	-74.000	-70.042	-69.900	-71.300
Business Rates Collection (Surplus) / Deficit	-2.345	13.700	0.000	0.000
Council Tax	-254.730	-267.374	-276.822	-288.028
Council Tax Collection (Surplus) / Deficit	-0.979	0.000	0.000	0.000
Council Tax Somerest Rivers Authority	-2.563	-2.561	-2.574	-2.599
General Reserves	0.000	0.000	0.000	0.000
Earmarked Reserves	8.912	-23.587	1.785	1.800
<b>Total Funding</b>	<b>-331.804</b>	<b>-356.072</b>	<b>-353.751</b>	<b>-366.398</b>

Adjustment for prior years budget gap

-12.400

<b>MTFP Forecast Budget Gap</b>	<b>0.000</b>	<b>0.000</b>	<b>12.401</b>	<b>5.627</b>
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\*Note amended to move Connecting Devon and Somerset to Accountable Bodies

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## Transformation, Savings, and Income Generation Proposals

## APPENDIX 2(i)

Directorate	Director	Portfolio Holder	EIA Required Y/N	Reference	Name of Proposal	Description	2021/22	2022/23	2023/24	Total	New/ Existing
							£m	£m	£m	£m	
<b>Adults Services:</b>											
Adults	Mel Lock	Cllr David Huxtable	N	ADULTS-2122-02	Independent Living Accommodation Solutions	Capital investment in new forms of accommodation both owned by us (with rental income) and in partnership with others. Linked to a capital bid this would provide different accommodation options to those currently available in our housing and provider market.	0.000	(0.578)	(0.500)	(1.078)	New
Adults	Mel Lock	Cllr David Huxtable	Y	ADULTS-2122-03	Savings from new Intermediate Care Model	Savings from new Intermediate Care Model working jointly with NHS.	(0.600)	0.000	0.000	(0.600)	New
Adults	Mel Lock	Cllr David Huxtable	Y	ADULTS-2122-04	Staff Efficiency	Savings from staffing efficiencies due to remodelling of service delivery.	(0.300)	0.000	0.000	(0.300)	New
Adults	Mel Lock	Cllr David Huxtable	N	ADULTS-2122-05	New Ways of Working/establishment Control	Savings in travel, printing, and venue hire.	(0.067)	0.000	0.000	(0.067)	New
Adults	Mel Lock	Cllr David Huxtable	Y	ADULTS-2122-06	Reduced Transport Costs	Reduced Transport Costs reflecting different models of care and support including day-care support closer to home or in the community.	(0.300)	0.000	0.000	(0.300)	New
Adults	Mel Lock	Cllr David Huxtable	Y	ADULTS-2122-07	Employment Support	Joining up employment support services with DWP and changing the Discovery contract for employment support aligned with the transport and day service modernisation.	(0.400)	0.000	0.000	(0.400)	New
Adults	Mel Lock	Cllr David Huxtable	N/A	Adults-2021-01	Community focused redesign	Community focused redesign	(0.050)	(0.050)	(0.025)	(0.125)	Existing
Adults	Mel Lock	Cllr David Huxtable	N/A	Adults-2021-06	Digital FAB	Digital FAB	(0.062)	0.000	0.000	(0.062)	Existing
<b>Total Adults Services</b>							<b>(1.779)</b>	<b>(0.628)</b>	<b>(0.525)</b>	<b>(2.932)</b>	
<b>Children's Services:</b>											
Children's	Julian Wooster	Cllr Frances Nicholson	N	CHILD-2122-02	Children's Residential Placements	Children's Residential Placements	0.000	(0.312)	(0.468)	(0.780)	New
Children's	Julian Wooster	Cllr Frances Nicholson	N	CHILD-2122-03	New Ways of Working/establishment Control	Savings in travel, printing, and venue hire	(0.166)	0.000	0.000	(0.166)	New
Children's	Julian Wooster	Cllr Frances Nicholson	N	CHILD-2122-04	Staffing Savings	Reduce staffing budgets for permanent and locum staff through a combination of savings from predicted recruitment timescales and reduced use of locums where possible. This is a one year saving due to the unknown impact of the pandemic.	(0.470)	0.470	0.000	0.000	New
Children's	Julian Wooster	Cllr Frances Nicholson	N/A	Child-2021-01	Family Safeguarding	Family Safeguarding transformation	(0.388)	(0.984)	0.000	(1.371)	Existing
Children's	Julian Wooster	Cllr Frances Nicholson	N/A	Child-2021-02	SENDIAS	SENDIAS restructure	(0.240)	(0.240)	0.000	(0.480)	Existing
Children's	Julian Wooster	Cllr Frances Nicholson	N/A	Child-2021-03	Travel Plans	Independent Travel Training (this saving is now removed as unachievable)	(0.240)	(0.210)	0.000	(0.450)	Existing
<b>Total Children's Services</b>							<b>(1.504)</b>	<b>(1.276)</b>	<b>(0.468)</b>	<b>(3.247)</b>	
<b>Economic &amp; Community Infrastructure Services:</b>											
ECI	Paula Hewitt	Cllr Mandy Chilcott	N	ECI-2122-01	Property - County Hall Income	Property - income generated from sharing space in County Hall with other public sector partners. These savings were anticipated as part of the A Block refurbishment business case.	(0.280)	0.000	0.000	(0.280)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-02	Infrastructure Programmes Group - Cancellation of Software Licence	Cancellation of project management software licence	(0.012)	0.000	0.000	(0.012)	New
ECI	Paula Hewitt	Cllr David Hall	N	ECI-2122-03	Economy & Planning - Additional Income from Selling Ecology Services	Additional income will be generated by the Planning Service via Planning Monitoring Visits and a growth in the provision of Traded Ecology Services.	(0.011)	(0.012)	(0.014)	(0.037)	New
ECI	Paula Hewitt	Cllr David Hall	N	ECI-2122-04	Heritage Trust - Capitalise Staff Time Working on Capital Projects	Ensure time spent working on capital schemes is charged to the capital budget	(0.005)	0.000	0.000	(0.005)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-05	Traffic Management, Road Safety & Parking - Reduce costs and maximise income	Budget savings will be made by maximising income across all services. In addition to this there is a one off saving of £200K from 2021/2 running costs as the "20 when lights flash project" has been delayed due to the Covid-19 project.	(0.600)	0.175	(0.060)	(0.485)	New

Directorate	Director	Portfolio Holder	EIA Required Y/N	Reference	Name of Proposal	Description	2021/22	2022/23	2023/24	Total	New/ Existing
							£m	£m	£m	£m	
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-06	Transporting Somerset - Income Generation Through the Rental of Under-utilised Parking Spaces	The service is currently in the process of agreeing with local employers for these employers to pay for a number of parking spaces for use by their staff at the Taunton Gateway Park & Ride site. The agreement would provide a rental income for a period of up to five years. There will be some additional costs associated with this which we currently estimate to be £20k.	(0.170)	0.000	0.000	(0.170)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-08	Transporting Somerset - Service Restructure	Review of Transporting Somerset Management Structure	(0.090)	0.000	0.000	(0.090)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-09	Transporting Somerset - Concessionary Fares Budget Reduction	The Concessionary Fares Scheme is based on patronage and the levels of fares being charged by bus operators and both of these factors are outside of our control and liable to change at anytime. The level of spend in this budget is therefore very hard to predict. We are however currently predicting a £200k underspend in this area for 2020/21 and are reasonably confident that giving up 100% of this budget for 2021/22 onwards is achievable.	(0.200)	0.000	0.000	(0.200)	New
ECI	Paula Hewitt	Cllr David Hall	N	ECI-2122-10	Trading Standards - Reduction in budget	Devon, Somerset & Torbay Trading Service is a joint service hosted by Devon County Council. The Legal Agreements surrounding this joint service set out a formula for the budget contributions from each partner authority of 30.8% for SCC, 61.7% for Devon County Council (DCC) and 7.5% for Torbay Council (TC) to meet the three Council's responsibilities as trading standards authorities. The proposed three year saving from Somerset County Council (SCC) is 6% and is estimated as the maximum amount of savings that can be sustained in the joint service without making the joint service model unsustainable. It would be achieved by a loss of circa 1.5 FTE in the volume of service provided to Somerset. Given the proportionate funding model for the joint service a reduction in contribution/funded capacity in Somerset would be managed by a higher level of discretionary service operating in Devon as opposed to a similar proportionate reduction of the budget in this part of the joint service area of operation	(0.021)	(0.021)	(0.021)	(0.063)	New
ECI	Paula Hewitt	Cllr Mandy Chilcott	N	ECI-2122-12	Property - savings from energy generation projects	Linked to capital bid. Proposal to generate revenue savings / income stream through energy generation projects.	0.000	(0.130)	(0.132)	(0.262)	New
ECI	Paula Hewitt	Cllr Mandy Chilcott	N	ECI-2122-13	Property - Asset Rationalisation & Corporate Landlord Savings	This proposal relates to further savings generated as a result of the implementation of the Corporate Landlord Model and as a result of the rationalisation of the County's Estate. Some of these savings have been identified through the A Block project.	(0.217)	0.000	0.000	(0.217)	New
ECI	Paula Hewitt	Cllr Mandy Chilcott	Y	ECI-2122-14	Property - Reduction in facilities management staff costs	Property - changes to services provided by the County Hall FM team, and associated staff restructure	(0.100)	0.000	0.000	(0.100)	New
ECI	Paula Hewitt	Cllr Mandy Chilcott	N	ECI-2122-15	Property - Finance Administration Staff Saving	The proposal is to consolidate finance transaction processing across the Property group through a restructure and a re-organisation of work, with an overall reduction in staff costs.	(0.025)	0.000	0.000	(0.025)	New
ECI	Paula Hewitt	Cllr David Hall	N	ECI-2122-16	Flood & Water Management - Income Generation from Pre-Application Advice	Income Generation from providing chargeable Pre-Application Advice	(0.010)	(0.010)	(0.010)	(0.030)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-21	Highways & Transport Commissioning - Delete the Housing Infrastructure Fund Budget	Delete the Housing Infrastructure Fund Budget which covers staff overheads in designing and delivering HIF schemes	(0.070)	0.000	0.000	(0.070)	New
ECI	Paula Hewitt	Cllr David Hall	N	ECI-2122-26	Somerset Waste Partnership - request saving of £30k	Request savings from the SWP. These are expected to be achieved as a result of a SWP review of the Anaerobic Digester contract with Viridor, and as a result are seeking to secure further savings on the price per tonne paid by the County Council to Viridor. This will have no impact on other partners.	(0.030)	0.000	0.000	(0.030)	New

Directorate	Director	Portfolio Holder	EIA Required Y/N	Reference	Name of Proposal	Description	2021/22	2022/23	2023/24	Total	New/ Existing
							£m	£m	£m	£m	
ECI	Paula Hewitt	Cllr David Hall	N	ECI-2122-33	Economic Development - Recharging Contract Management Costs	Commissioning via the building rental income streams received at the Somerset Energy Innovation Centre, a multi annual service contract, and recharging annual contract management costs incurred by SCC for this contract.	(0.004)	0.000	0.000	(0.004)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-37	Highways - Lighting - Asset Structural Testing Decrease	Due to the continuation of Highway Lighting asset replacement programme, the structural testing demand has decreased for this financial year.	(0.020)	0.000	0.000	(0.020)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-38	Highways - Lighting – Electrical Testing Code of Practice	Change to the compulsory Code of Practice for electrical testing six-yearly inspections can now be applied.	(0.020)	0.000	0.000	(0.020)	New
ECI	Paula Hewitt	Cllr Mandy Chilcott, Cllr David Hall, Cllr John Woodman	N	ECI-2122-39	New Ways of Working/establishment Control	Savings in travel, printing, and venue hire as service embeds new ways of working	(0.051)	0.000	0.000	(0.051)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-20	Highways & Transport Commissioning - Delete A303-A358 Development Consent Order Budget	Removal of the current budget for engaging in DCO processes for the A303/A358 schemes in the 21/22 financial year.	(0.075)	0.000	0.000	(0.075)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-41	Highways & Transport Commissioning - HDM reduction in consultancy budget	Reduction in consultancy budget - Highways Development Management team now has more capacity and knowledge within the team. Having reviewed the budget we are able to reduce the technical budget used to commission consultancy advice to review developer Transport Assessments (description subject to change).	(0.020)	0.000	0.000	(0.020)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-42	Highways - Lighting Energy Costs Review	Review of lighting energy costs based on current supplier costs and latest service budget projection	(0.100)	0.000	0.000	(0.100)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-36	Highways - Rights of Way Modifications & Commons Officer Reduction	A business case was approved and was being implemented to recruit four additional Modification & Commons Officers. Three of the four posts were successfully filled. Recruitment for the fourth post has been put on hold to enable this saving to be offered. The additional posts were to tackle the considerable backlog of applications to modify the Definitive Map, better meet directions received from the Secretary of State and reduce scrutiny on the Service for this area of work. Applicants can appeal to the Secretary of State against non-determination after 12 months of making an application. The delays on some applications stretch into decades rather than years.	(0.030)	0.000	0.000	(0.030)	New
ECI	Paula Hewitt	Cllr John Woodman	N	ECI-2122-43	IPG - Funding mechanism review	Funding mechanism review	(0.010)	0.000	0.000	(0.010)	New
ECI	Paula Hewitt	Cllr Mandy Chilcott	N	ECI-2122-44	Property - Reduction in County Hall utility costs	Reduced utility costs are anticipated following the investment in the A block refurbishment.	(0.050)	0.000	0.000	(0.050)	New
ECI	Paula Hewitt	Cllr Mandy Chilcott	N	ECI-2122-45	Property - Rental income from SCC property estate	Increases in rental income from rent reviews across the SCC property estate	(0.020)	0.000	0.000	(0.020)	New
ECI	Paula Hewitt	Cllr David Hall	N/A	ECI-04	Waste Contract Extension	Waste HWRC Contract Extension	(0.200)	(0.400)	0.000	(0.600)	Existing
ECI	Paula Hewitt	Cllr David Hall	N/A	ECI-2021-01	Slim my waste feed my face	ECI (Waste) Saving: Somerset Waste Partnership 'Slim my waste, feed my face'	0.059	0.005	0.042	0.105	Existing
ECI	Paula Hewitt	Cllr David Hall	N/A	ECI-2021-05	Trading Standards New Partner	Trading Standards – new partner efficiency saving dependant on merger	(0.004)	0.000	0.000	(0.004)	Existing
ECI	Paula Hewitt	Cllr John Woodman	N/A	ECI-2021-06	Reduce Highway Lighting	Reduce highway lighting energy budget	(0.040)	0.000	0.000	(0.040)	Existing
ECI	Paula Hewitt	Cllr John Woodman	N/A	ECI-2021-08	Transport - Reduction County Ticket	Reduction of County Ticket budget	(0.040)	0.000	0.000	(0.040)	Existing
ECI	Paula Hewitt	Cllr Mandy Chilcott	N/A	ECI-2021-09	Property - Reduced Costs	Reduced running costs	(0.015)	0.000	0.000	(0.015)	Existing
<b>Total Economic &amp; Community Infrastructure Services</b>							<b>(2.480)</b>	<b>(0.394)</b>	<b>(0.196)</b>	<b>(3.069)</b>	
<b>Corporate Affairs:</b>											

Directorate	Director	Portfolio Holder	EIA Required Y/N	Reference	Name of Proposal	Description	2021/22	2022/23	2023/24	Total	New/ Existing
							£m	£m	£m	£m	
Corporate Affairs	Simon Clifford	Cllr Faye Purbrick	N	C&SS-2122-03	ICT Savings	Staff Savings – ICT Services will be requesting the ICT underspend due to COVID-19 be used to fund the transformational staff costs that will arise in 21/22 - with the subsequent £100k slimming of the staff complement in 22/23 onwards. Contract Savings – Azure discount, savings by converting long term absentees onto cheaper o365 licences and SAP Hosting. Telephony – replacement of Openscape with cheaper alternatives, reduction in traditional telephony costs and new WAN contract. Budget Management – in year savings, vacancies, increased income	(0.400)	0.000	0.000	(0.400)	New
Corporate Affairs	Simon Clifford	Cllr Christine Lawrence	N	C&SS-2122-04	Business Intelligence Saving	This proposal seeks to remove a Grade 11 Information Analyst. The impact on the service would be a reduction in officer support for data and intelligence analysis, performance reporting, commissioning planning and support for decision making. This proposal in part is as a result of a refocusing of priority activity within services supported.	(0.033)	0.000	0.000	(0.033)	New
Corporate Affairs	Simon Clifford	Cllr Christine Lawrence	N	C&SS-2122-05	Information Governance and Customer Experience	To reduce support for Freedom of Information [FOI], Data Subject Access Requests [DSAR], and complaint processing at Somerset County Council by 25hrs of a Grade 13 officer. The service has been very successful and efficient in handling these requests over the last twelve months. This proposal may see an increase in the time taken to process DSAR and FOI and therefore negatively impact upon requestors and undermine achievement of statutory targets. This could lead to an increase in ICO investigations which would impact on the capacity of the Service Manager post.	(0.018)	0.000	0.000	(0.018)	New
Corporate Affairs	Simon Clifford	Cllr Christine Lawrence	N	C&SS-2122-08	Rationalisation of First Point of Contact	This proposal explores the potential to resolve more customer interactions at the first point of contact for SCC through the existing Contact Centre [CC]. In collaboration with Services this proposal will seek to understand if customer interactions via different channels: telephony, mailbox, social media e.g. Facebook Messenger and face to face reception functions could be resolved faster and more efficiently through a single (co-ordinated) entry point.	(0.154)	0.000	0.000	(0.154)	New
Corporate Affairs	Simon Clifford	Cllr Mandy Chilcott	N	C&SS-2122-09	Commercial and Procurement Contract rationalisation	Commercial and Procurement Strategic Manager - Commercial post to focus on commercial activities to achieve cashable efficiency savings through existing contract management, contract deep dives and medium term contract rationalisation	(0.160)	0.000	0.000	(0.160)	New
Corporate Affairs	Simon Clifford	Cllr Mandy Chilcott	N	C&SS-2122-10a	New Ways of Working/establishment Control	Savings in travel, printing, and venue hire	(0.019)	0.000	0.000	(0.019)	New
Corporate Affairs	Simon Clifford	Cllr Faye Purbrick	N	C&SS-2122-11/6	Business Change - vacancies and full training budget	Business Change (BC) training budget for project and change L&D needs. Deletion of vacancies in BC team being held for One Somerset requirements. Temporary reduction in resources of 0.5fte. Net saving from not replacing the BC Strategic Manager offset by upgrading 2 Service Managers for 9 months.	(0.241)	0.069	0.000	(0.172)	New
Corporate Affairs	Simon Clifford	Cllr Christine Lawrence	N	C&SS-2122-14	Business Intelligence - Income Opportunity	The Business Intelligence Service has an opportunity to raise additional income through the development and use of BI applications, selling expertise in BI tools and resources and redirecting/re-commissioning external spend to the BI team at the same time as driving efficiency gains for the service.	(0.010)	0.000	0.000	(0.010)	New
Corporate Affairs	Simon Clifford	Cllr Mandy Chilcott	N	C&SS-2122-16	ICT Services contract efficiencies	Increased usage of Fortinet and Microsoft leads to removal of renewals of older software products.	(0.030)	0.000	0.000	(0.030)	New
Corporate Affairs	Simon Clifford	Cllr Faye Purbrick	N/A	C&SS-2021-07	ICT - decommissioning	ICT Decommission Weblabs, Easysite and Icasework	(0.020)	0.000	0.000	(0.020)	Existing
<b>Total Corporate Affairs</b>							<b>(1.085)</b>	<b>0.069</b>	<b>0.000</b>	<b>(1.016)</b>	
<b>HR&amp;OD and Community Governance/Legal Services:</b>											

Directorate	Director	Portfolio Holder	EIA Required Y/N	Reference	Name of Proposal	Description	2021/22	2022/23	2023/24	Total	New/ Existing
							£m	£m	£m	£m	
HR&OD and Community Governance/ Legal Services	Chris Squire	Cllr Mandy Chilcott	N	C&SS-2122-07	Replacement for STAR payroll system	To procure a new payroll system to replace the current IRIS solution that removes the current manual work within HRAP and enables clients to make their own payroll transactional changes whilst maintaining the expertise and support that the HRAP service provides in respect of statutory and contractual compliance, pensions, employment status etc. The system will also enable new business opportunities. This proposal puts eight jobs at risk, two of these are vacant and the remainder will be made by offering redeployment and voluntary redundancy. The alternative is to move to SAP but this does not present the same opportunities for increasing business.	(0.020)	(0.050)	(0.100)	(0.170)	New
HR&OD and Community Governance/ Legal Services	Chris Squire	Cllr Mandy Chilcott	N	C&SS-2122-10b	New Ways of Working/establishment Control	Savings in travel, printing, and venue hire	(0.039)	0.000	0.000	(0.039)	New
HR&OD and Community Governance/ Legal Services	Chris Squire	Cllr Mandy Chilcott	N	C&SS-2122-12	Reduction to Learning and Development Budget	Reduction in allocation of Learning and Development Budget of £200k on proviso that training is accessible through the workforce reserve	(0.200)	0.000	0.200	0.000	New
<b>Total HR&amp;OD and Community Governance/Legal Services</b>							<b>(0.259)</b>	<b>(0.050)</b>	<b>0.100</b>	<b>(0.209)</b>	
<b>Finance:</b>											
Finance	Jason Vaughan	Cllr Mandy Chilcott	N	C&SS-2122-02	Finance - Removal of 3 vacant posts & other minor savings	Review of all finance budgets taking of 2019/20 outturn, price changes and latest staffing structure have identified that £64,500 of savings can be delivered without impacting upon service delivery	(0.065)	0.000	0.000	(0.065)	New
Finance	Jason Vaughan	Cllr Mandy Chilcott	N	C&SS-2122-10c	New Ways of Working/establishment Control	Savings in travel, printing, and venue hire	(0.004)	0.000	0.000	(0.004)	New
Finance	Jason Vaughan	Cllr Mandy Chilcott	N	C&SS-2122-13	15% reduction in days from SWAP for internal audit. Requires 12 months notice.	Full year saving of £60,000 by reducing the amount of internal audit days by 15%. Currently receive 1,400 days of internal audit service per annum. Requires 12 months notice so £35,000 of once -off funding is required in order to achieve full year saving.	(0.030)	(0.030)	0.000	(0.060)	New
<b>Total Finance</b>							<b>(0.098)</b>	<b>(0.030)</b>	<b>0.000</b>	<b>(0.128)</b>	
<b>Non-Service:</b>											
Non-Service	Jason Vaughan	Cllr Mandy Chilcott	N/A	NS-2021-02	Treasury Management - Strategic investment returns	Investing £50m in longer term Strategic investment returns for increased income and diversifying portfolio	(0.620)	0.000	0.000	(0.620)	Existing
Non-Service	Jason Vaughan	Cllr Mandy Chilcott	N/A	NS-2021-03	Capital Programme Forecast Slippage	Capital Programme Forecast Slippage at Qtr2 19/20 - therefore capital financing has been profiled accordingly	(0.137)	(0.254)	0.000	(0.391)	Existing
Non-Service	Jason Vaughan	Cllr Mandy Chilcott	N/A	NS-2021-04	Return on Treasury Investments	Delayed return on Treasury Investments due to market conditions	0.217	(0.212)	0.000	0.005	Existing
<b>Total Non-Service:</b>							<b>(0.540)</b>	<b>(0.466)</b>	<b>0.000</b>	<b>(1.005)</b>	
<b>TOTAL</b>							<b>(7.743)</b>	<b>(2.774)</b>	<b>(1.089)</b>	<b>(11.606)</b>	

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## Somerset Equality Impact Assessment

<b>Organisation prepared for</b>				<b>Somerset County Council</b>			
<b>Version</b>		<b>V1</b>		<b>Date Completed</b>		<b>09/12/2020</b>	
<b>Description of what is being impact assessed</b>							
<b>Savings Ref: ECI-2122-14 Restructure of the County Hall Facilities Management Team to achieve MTFP savings</b>							
<b>Evidence</b>							
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b> Sources such as the <a href="#">Office of National Statistics</a> , <a href="#">Somerset Intelligence Partnership</a> , <a href="#">Somerset's Joint Strategic Needs Analysis (JSNA)</a> , Staff and/ or <a href="#">area profiles</a> ,, should be detailed here							
Review of Demographic profile of the County Hall FM Team. Equalities workforce data to be available by end of w/c 20 December 2021.							
<b>Who have you consulted with to assess possible impact on protected groups?</b> If you have not consulted other people, please explain why?							
Michelle Anderson, Equalities Employment Officer							

<b>Analysis of impact on protected groups</b>				
The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.				
<b>Protected group</b>	<b>Summary of impact</b>	<b>Negative outcome</b>	<b>Neutral outcome</b>	<b>Positive outcome</b>
<b>Age</b>	<ul style="list-style-type: none"> <li>Demographic profile of the County Hall FM Team, 65% of the team are over the age of 50.</li> <li>Limited employment opportunities due to the current economic climate.</li> <li>Long serving staff may not have recent job application and interview experience.</li> </ul>	☒	☐	☐
<b>Disability</b>	<ul style="list-style-type: none"> <li>Removal of stationery stores and postal collection points around the building may be problematic for non-ambulant staff based in the building.</li> <li>Due to Government social distancing rules and restrictions on face to face meetings during the pandemic, the initial staff consultation meetings need to happen via Microsoft Teams, Senior Managers will not be the same room to offer support and answer queries.</li> </ul>	☒	☐	☐
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	☐	☐	☐



<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	□	□	□
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>• Removal of stationery stores and postal collection points around the building may be problematic for staff in the later stages of pregnancy.</li> </ul>	☒	□	□
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	□	□	□
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	□	□	□
<b>Sex</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	□	□	□
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	□	□	□
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>• Increased unemployment as a result of the economic effect of the ongoing pandemic.</li> <li>• Impact on low income households.</li> </ul>	☒	□	□

<b>Negative outcomes action plan</b>				
Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
Managers and HR Advisory to make themselves available immediately after the staff meetings to offer support, advice and guidance.	08/01/2021	Oliver Woodhams/ Heidi Boyle/Rachel Overd/ Louise Smith/ Annabel Bradley- Mozhayeva Hannah Davies/ Sam Turnidge	Feedback from staff and managers	<input type="checkbox"/>
At risk staff to be offered opportunity to be added to the redeployment register at the earliest opportunity.	31/01/2021	Louise Smith/ Annabel Bradley- Mozhayeva	Regular checks with Redeployment Team	<input type="checkbox"/>
Support to be offered to staff during any job application process including identifying transferable skills.	31/01/2021	Louise Smith/ Annabel Bradley- Mozhayeva	Line management process	<input type="checkbox"/>
Liaise with HR&OD to see if any opportunities for training are available.	31/01/2021	Louise Smith/Annabel	Line management process	<input type="checkbox"/>

		Bradley-Mozhayeva		
Support with preparation and time off to be given for attending interviews.	31/01/2021	Hannah Davies/Sam Turnidge	Line management process	<input type="checkbox"/>
Following consultation with services affected, accessible drop off/collection point for mail/stationery to be established on each floor.	30/04/2021	Hannah Davies/Sam Turnidge	As part of twice daily health and safety tours	<input type="checkbox"/>
Following consultation with services affected, service managers to be responsible for putting arrangements in place to collect post/stationery from collection points.	30/04/2021	Managers	Line management process	<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
Efforts will be made to mitigate the impacts of job losses on staff with protected characteristics, including offering individual support as set out above. However, these may not mitigate all negative impacts.				
<b>Completed by:</b>	<b>Heidi Boyle, Service Manager – FM</b>			
<b>Date</b>	<b>9/12/2020</b>			
<b>Signed off by:</b>	<b>Oliver Woodhams - Head of Property</b>			
<b>Date</b>	<b>18/12/2020</b>			
<b>Equality Lead/Manager sign off date:</b>	<b>18/12/2020 (Michelle Anderson – Equalities Employment Officer)</b>			

<b>To be reviewed by:</b> (officer name)	<b>Heidi Boyle, Service Manager – FM</b>
<b>Review date:</b>	<b>30/04/2021</b>

## Somerset Equality Impact Assessment

<b>Organisation prepared for</b>				<b>Somerset County Council</b>			
<b>Version</b>		<b>1</b>		<b>Date Completed</b>		<b>05.01.2021</b>	
<b>Description of what is being impact assessed</b>							

**Savings Ref: ADULTS-2122-06 Transport requirements following day service transformation agenda & Covid impact.****Overview:**

Transformation of day services has been ongoing, most specifically within learning disability Discovery day services. This has supported moves from larger building based day service settings to a more community based offer.

While community offers continue to grow, the need for transport from one area of the county to another reduces.

Where there are local activities are available for people, but transport is needed; it cannot be assumed that this can be achieved through Somerset County Council. Where people are in receipt of mobility allowance this must be utilised for the purpose of people attending their activities.

The use of technology and small outreach based approaches to day services have seen new and innovative ways of people achieving their outcomes. People with a learning disability have told the local authority that they want to 'live a life like everyone else', this includes, where possible for people, learning the skills to access public transport. Pre covid, a South Somerset Our Voice (peer support group) had begun work with First Bus to look at the introduction of easy read time tables.

The longer term future of day service provision remains to be seen, however a return to exclusively resuming large building based approaches seems unlikely. Transport need therefore is reduced and longer term planning for reducing the service will be required.

**COVID:**

Covid has had a significant impact on day services across the whole of adult social care. Group based day services have been closed for the majority of 2020 with a move to a more individualised offer of support; focus has shifted to the use of technology based resources or small outreach models where required.

This has led to a number of people meeting in their outcomes in alternative ways to more traditional routes.

People have remained at home and where lockdown restrictions have eased, we have seen people choose to stay in their local communities, using small bubbles to access social activities.

People remaining in their most direct communities has meant that locality teams have been able to explore community resources and groups to meet needs: the use of PA's, micro providers and online groups do not often require a formal transport option.

Covid has also seen an impact on transport resource; more specifically in relation to volunteer drivers. Volunteer drivers have been used historically to support transport within adult social care, often for people who require 1:1 transport, travelling in small groups or for people who may live outside more populated transport routes.

The use of volunteer drivers has been prohibited since national lockdown due to risk of transmission. At present there are no immediate plans to resume the use of volunteer drivers. This means that capacity within across Somerset offer is reduced, transport have been able to manage the current capacity without the use of volunteer drivers. Scoping work will need to be undertaken to understand the future need and whether lack of volunteer drivers would leave a sufficient work force to meet demand.

Whilst recognising that the impact of covid has had on people, it must be considered that understanding peoples 'new normal' will take time.  
Annual

**Decision to consider:**

With reduction in need from service users and reduced capacity within the transport service itself, reduction of transport service offer within adult social care must be considered.

The below will detail further plans around evidence gathering, consultations and impact options for those who may be affected.

**Evidence**

**What data/information have you used to assess how this policy/service might impact on protected groups?** Sources such as the [Office of National Statistics](#), [Somerset Intelligence Partnership](#), [Somerset's Joint Strategic Needs Analysis \(JSNA\)](#), Staff and/ or [area profiles](#), should be detailed here

There is a piece of work to be undertaken that will evidence the following:

- Number of people who are currently accessing transport services. (Pre covid & since March 2020)
- Service areas that are currently being completed by the transport team. (Pre covid & since March 2020)
- Transport services being utilised: Mini buses, volunteer drivers, taxi services. (Pre covid & since March 2020)
- Any contracts that are live and the details of them.
- Lease details on any vehicles.

This work will provide a clear picture of the transport use prior to covid and the resulting impact that covid has had on the service. Undertaking this evidence gathering task will provide a county wide map of where transport is most utilised, providing any shaping work that may be needed in the future.

In order to truly understand where reductions within the transport service can be made, this work must be undertaken. To move forward without having this detail would mean that financial planning would be estimated and therefore have a negative impact on any stake holder groups affected.

The majority of transport is provided to those people receiving a day service with Discovery. Since COVID restrictions have been in place transport has not been provided to those who were accessing Discovery services. This has largely due to Discovery day services closing since March 2020. The ongoing transformation agenda around the move towards more community focussed day service offers will need to be focussed with clear, time specific actions that will determine what future, reduced transport needs may remain.

Although Discovery service users are not being transported at present; transport to other day services/activities is still being accessed.

**Who have you consulted with to assess possible impact on protected groups?** If you have not consulted other people, please explain why?

**Transport:**

Transport management team have been consulted around the suggested reduction. This has been an initial discussion, talking through the current position. Key items included:

- Acknowledgment that volunteer drivers are currently not being utilised with no date for resuming this. Until evidence gathering has completed it cannot be determined whether this would influence capacity.



- Should a reduction in service be implemented would any redundancies be likely as a result? Staff who are allocated to the adult social care routes have been placed on stand by should need arise. This has meant that managers have not been able to tender for other transport contracts. There could be opportunity to look at transport service wide for staff to transfer to. This will be scoped out before any planned redundancies. There would need to be a timeline that supported the tendering for any other transport business.
- There is a client contribution that will need to be factored into any savings acquired via a reduction in service. The cost is £2.70 per client each journey.
- Where services are reduced but some transport needs remain this will mean that groups are smaller. This may mean that minibuses are not required. This may mean more expensive transport methods need to be sourced, if Volunteers are not an option then that leaves taxis which would be more expensive.
- Where vehicles are no longer required there will be work required around whether they are owned by Somerset County Council. If they are, plans will need to be considered as to what to do with them.
- Transport team will pull together all relevant evidence so that comparison work can contribute to the planning of any reductions made.
- There has been no consultation with the teams who complete the driving at this stage. Once all evidence has been gathered and a formal decision made, further consultations will take place.

### **Stake holder groups:**

#### Locality Teams:

There will need to be discussion with the locality teams around whether reviews will be required as part of reduced services within the service.

Capacity within the teams will be discussed and agreed to ensure a thorough approach.

Strategic management are aware of the initial plans around reduction in service. Further consultation will take place as required.

#### Service users and families:

The plans to reduce the adult social care transport in a formal capacity is still within its scoping stages. Therefore, formal consultation with service users and families has not taken place at this time. This needs to happen to understand people's views, talk through options, challenges and barriers.

We know that transport is a challenging topic, where people have had a service for many years, change can be daunting. Consultation will support any transitions around utilising mobility allowance, accessing community options, supporting people to know their community and feel safer moving within it and looking at people's locations.

### Analysis of impact on protected groups

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
<b>Age</b>	<ul style="list-style-type: none"> <li>Where young adults with a learning disability are moving through into adult services, we know that they are wanting to build the skills to access the community independently. Therefore, negative impact on future adults supported would be minimal.</li> <li>There are however a cohort of older adults who have accessed services through traditional transport routes for many years. This will need to be considered when reviewing the reduction of the transport service to understand if the impact on individuals. There is potential for negative impact to some.</li> </ul>	□	□	□
<b>Disability</b>	<ul style="list-style-type: none"> <li>Transport access for those with a learning disability is limited compared to adults who do not have a learning disability.</li> <li>Somerset County Council supports the application for bus passes for adults with a learning disability. However feedback from services users is that the restriction of only being able to</li> </ul>	□	□	□

	<p>use them after 9am does not support people to access their community at times that work from them. (Employment, day services etc.)</p> <ul style="list-style-type: none"> <li>• Our Voice groups have made contact with bus companies to start the conversation around how buses can be more accessible to those with a learning disability: Easy read timetables, extra help travel cards etc.)</li> <li>• The impact has potential to be negative to service users if the right services are not engaged to support adults with a learning disability to make public transport accessible.</li> <li>• Where people require specialist transport, for example service users who have specialist wheelchairs, it must be recognised that public transport may not be appropriate. Discussions with families around impact for these adults will need to be had, possibly as part of a care act review.</li> </ul>			
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>• The impact on gender reassignment cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>• The impact on marriage and civil cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>• The impact on pregnancy and maternity cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□

<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>The impact on race and ethnicity cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>The impact on religion or belief cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□
<b>Sex</b>	<ul style="list-style-type: none"> <li>Men are generally considered to be more likely to have a learning disability than women.</li> <li>Research tells us that men are more likely to be diagnosed with a condition such as autism. However, there is some dispute that there be many more women who do have conditions such as autism but are not diagnosed due to behaviours called masking; where you take traits that everyone else is showing and then copy them.</li> <li>It is hard to truly know whether there will be an impact on one sex or another more significantly.</li> </ul>	□	□	□
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>The impact on sexual orientation cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<p>Carers:</p> <ul style="list-style-type: none"> <li>Carers who have family members that have been in receipt of traditional transport for a number of years may be fearful of change to how their loved ones will access activities in the future.</li> <li>Families who are in receipt of mobility allowance may need to utilise this differently to access activities for their family</li> </ul>	□	□	□

	<p>members. This may be a change for people who will need support to move through this transition.</p> <ul style="list-style-type: none"> <li>• Carers who have low incomes may be negatively impacted should public transport be utilised for people moving forward. Transport such as taxis may be costly and so planning around services users' weekly routines will need to be clearly mapped to ensure that budgets can be managed to avoid negative financial impacts.</li> <li>• Where carers are themselves in employment the reduction of transport may impact on people's working rotas. This impact of the family must be considered when looking at activity timetables for adults with a learning disability.</li> <li>• As Somerset is itself a rural county the impact of public transport may have an impact on carers. Where public transport is sporadic or does not match the times that people are needing to access activities there may be an impact on carers needing to transport.</li> </ul> <p>Providers:</p> <ul style="list-style-type: none"> <li>• Where providers have had services users collected and returned to their services via traditional transport offers; there may be discussions needed to explore alternative options.</li> <li>• Where people are being supported to access public transport routes providers may need to have higher staff to support the person individually. This may need to be discussed as part of a review process.</li> </ul>			
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<b>Negative outcomes action plan</b>				
Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.				
<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
Evidence Gathering: No' of people using transport, service areas, types of transport used.	08/02/2021	Joanna King Ami Bestall	Regular meetings. Shared ownerships of documents.	<input type="checkbox"/>
Consultation timeline. Carers, transport colleagues, providers, other stake holders.	Select date			<input type="checkbox"/>
Day service transformation timeline.	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				

<b>Completed by:</b>	<b>Ami Bestall</b>
<b>Date</b>	<b>08.01.2021</b>
<b>Signed off by:</b>	<b>James Cawley</b>
<b>Date</b>	<b>08.01.2021</b>
<b>Equality Lead/Manager sign off date:</b>	<b>01/02/2021 (Tom Rutland – Public Health Promotion Manager, Equalities)</b>
<b>To be reviewed by:</b> (officer name)	
<b>Review date:</b>	

## Somerset Equality Impact Assessment

<b>Organisation prepared for</b>				<b>Somerset County Council</b>			
<b>Version</b>		<b>1</b>		<b>Date Completed</b>		<b>05.01.2021</b>	
<b>Description of what is being impact assessed</b>							



**Savings Ref: ADULTS-2122-07 Overview:**

Discovery have a contract to provide employment support services for people with a Learning Disability. The annual value of the contract is £714,000

The purpose of the contract is to support people to gain and remain in employment, full or part time.

To be offered support by Discovery through the contract people must be assessed as eligible for care support under the Care Act 2014.

Gaining employment is often a longer and more complex process for those with a learning disability. Routine, expectations, work etiquette and trust often require a supported process and the Discovery Supported Employment contract employs work coaches to support the transition from searching for work – interviews – starting work – maintaining employment.

The last recorded quarterly figures (April – June 2020) Show the following:

Discovery are supporting 159 people. To be offered support by Discovery through the contract people must be assessed as eligible for care support under the Care Act 2014.

- 53 % are in the vocational profiling stage – discussion with people about their aspirations and suitability for employment
- 31 % are in employer engagement stage – discussions with potential employers about job opportunities
- 7 % are currently undertaking job matching – looking at specific job opportunities for people who have identified a career / work area
- 11 % are receiving in work support, either in the early stages of employment or apprenticeships
- 9 % are review only which means that they are only receiving employment reviews at the 6 & 12 month stage of their employment.
- Of the 144 customers actively on the pathway (not in employment) there are 118 (81%) still currently undertaking work taster / experience opportunities. These are either with an opportunity for paid employment or to try different job roles to support decisions about employment (these were obviously on hold during Covid-19 but are now resuming/starting)
- There have been 4 customers who have found employment in this quarter.
- During the quarter June to September 2020 – 3 people had been employed for 6 months or more and remained in employment.

The contract value and output of people supported demonstrate that the service is expensive for the amount of people who are maintaining long term employment.

The Department for Work and Pensions have a statutory obligation to support adults with learning disabilities into employment. The Discovery supported employment service needs to be compliment the work that the DWP does, it should not supersede it.

Covid 19 has had a significant impact on the Discovery employment service. With many adults using the service shielding for a large portion of the year and businesses having to furlough significant numbers of their workforce, employment opportunities have reduced substantially. This has seen the Discovery employment support service has essentially paused since March 2020.

With Discovery day services having been closed since March 2020 and outreach models of support implemented, the work coaches employed by the employment service have been redeployed into supporting people who attended day services.

With covid restrictions continuing, there are factors that make looking at a reduced employment service important:

- Many adults with a learning disability have been shielding for many months. When lockdown restrictions end many people may need support to relearn skills for accessing the community. This may be around travel training, completing food shops in a supermarket or attending their previous activities after not attending for several months. The focus for many is unlikely to be around employment for some time while focus is on supporting people to feel safe resuming their place within their community.
- The economy is in a precarious position due to months restricted opening, having staff on furlough or reduced income due to temporary closures. This may mean that employment opportunities are reduced over the coming months.

These two key factors, along with cost analysis of the service supports a plan to reposition the service within a smaller annual budget.

In addition to the current situation surrounding the impact of covid, Discovery are having to manage a poor CQC report which will limit the capacity within the service until February 2021.

The proposed review to reducing the Discovery employment service falls in line with allowing Discovery scope to manage quality issues that are ongoing.

#### **Decision to consider:**

With reduced activity that the Discovery supported employment service are working within and a need for Discovery to manage larger service wide issues: exploration around moving forward with a reduced service must be considered. The option that is being considered to reduce the size of the employment service.

#### **Evidence**

**What data/information have you used to assess how this policy/service might impact on protected groups?** Sources such as the [Office of National Statistics](#), [Somerset Intelligence Partnership](#), [Somerset's Joint Strategic Needs Analysis \(JSNA\)](#), Staff and/ or [area profiles](#), should be detailed here

Valuing Employment Now: Legislation 2009

The Valuing Employment Now legislation states that: "It is estimated that fewer than 10% of people with moderate to severe learning disabilities are in any form of employment, and a substantial proportion of those are employed for less than 16 hours per week. Yet in the consultation on Valuing People Now 60% of people with learning disabilities said that employment should be a priority. Although the employment rate for disabled people overall has risen in Britain from 38% in 1998 to 48% in 2008, people with learning disabilities have been left behind."

### England employment facts

7,907 people with a learning disability aged 18-64 were in paid employment in 2017/18 in England.

This is 6.0% of adults with a learning disability who are known to their local authority.



London and the East of England has the highest proportion of adults with a learning disability known to their local authority in paid employment, at 7.5%.



A higher proportion of men with a learning disability known to their local authority (6.6%) are in paid employment than women with a learning disability known to their local authority (5.2%).

Comparison of Discovery supported employment statistics, 2020: During covid & 2019 pre covid:

July – September 2019:

Discovery are supporting 181 customers on the SCC contract, as below these are in various stages of the supported employment process.

- 47.5 % are in the vocational profiling stage
- 21.5 % are in employer engagement stage
- 5 % are currently undertaking job matching
- 14 % are receiving in work support, either in the early stages of employment or apprenticeships
- 12 % are review only which means that they are only receiving employment reviews at the 6 & 12 month stage of their employment.
- Of the 134 customers actively on the pathway (not in employment) there are 91 (70%) currently undertaking work taster / experience opportunities. These are either with an opportunity for paid employment or to try different job roles to support decisions about employment.

April – June 2020:

Discovery are supporting 159 people. To be offered support by Discovery through the contract people must be assessed as eligible for care support under the Care Act 2014.

- 53 % are in the vocational profiling stage – discussion with people about their aspirations and suitability for employment
- 31 % are in employer engagement stage – discussions with potential employers about job opportunities
- 7 % are currently undertaking job matching – looking at specific job opportunities for people who have identified a career / work area
- 11 % are receiving in work support, either in the early stages of employment or apprenticeships
- 9 % are review only which means that they are only receiving employment reviews at the 6 & 12 month stage of their employment.
- Of the 144 customers actively on the pathway (not in employment) there are 118 (81%) still currently undertaking work taster / experience opportunities. These are either with an opportunity for paid employment or to try different job roles to support decisions about employment (these were obviously on hold during Covid-19 but are now resuming/starting)
- There have been 4 customers who have found employment in this quarter.

The comparison shows that even with paused work, activity continued. With significantly reduced staffing due to redeployment the data does not show such a significant drop in productivity. This comparison supports the proposal that the Discovery supported employment service can still achieve with a reduced service.

Knowing that adults with a learning disability have significantly reduced access to employment it is clear that a service wide approach needs to be applied. This means that local authorities and NHS trusts need to set by example and support the employment of adults with a learning disability, conversations with young adults need to happen and outcomes documented as part of reviews must meet aspirations.

BASE acknowledge this on their learning disability page here: [Learning disabilities | British Association for Supported Employment \(base-uk.org\)](https://base-uk.org/learning-disabilities/)

The Department for Work & Pensions has a responsibility to support people into work, this includes adults with a learning disability. Work coaches are employed by the DWP to achieve this.

Anecdotal feedback from adults with a learning disability tell us that people are not really sure how DWP work coaches can help and people often turn to more well known services within the learning disability, such as the Discovery supported employment service.

In January 2019 the learning disability partnership board held a small employment session with adults with a learning disability from across the county. DWP work coaches attended this session and gave an overview of how they can help people find employment. Several people commented that they did not know there was so much resource available. This tells us that the DWP resource is not being utilised to its full potential.

However there needs to be discussion with the DWP should the proposal to reduce the Discovery supported employment service continues. As part of the evidence gathering process for this report, analysis has looked at how work coaches can help those with a learning disability find employment; this was a tricky process. The online resource, which we know younger people are more used to, was difficult to navigate. We cannot make an assumption that with should the Discovery supported employment service be reduced that DWP work coaches will be able to bridge any gap that may arise. This will mean that a collaborative working approach will need to be implemented to mitigate this risk.

**Who have you consulted with to assess possible impact on protected groups?** If you have not consulted other people, please explain why?

At present there have been no consultations. This plan is in the scoping stages and therefore this impact assessment will determine next steps required to make the decision around reducing the budget of the Discovery employment service budget.

Once a formal decision is made, consultation with stakeholders will commence. This will include work with Discovery, Department for Work & Pensions, Learning Disability Partnership Board, People supported and families/carers. The impact assessment document will act as a live document where results of consultations will be recorded, and impact considered.

### Analysis of impact on protected groups

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<ul style="list-style-type: none"> <li>Where young adults with a learning disability are moving through into adult services, we know that they are wanting to build the skills to access the community independently, including accessing employment. By implementing a service wide approach that includes conversations at a transitions stage around employment plans, sign posting to the appropriate agencies for support and identifying clear outcomes that align</li> </ul>	□	□	□

	<p>with a person's aspirations; the impact on Discovery employment service being reduced should be minimal.</p> <ul style="list-style-type: none"> <li>• There are however a cohort of older adults who have not had live discussions around employment. Where older adults are discussing employment, this may be a worry for change for service users. Consideration must be given to how older adults may be impacted with a reduced Discovery employment service.</li> </ul>			
<b>Disability</b>	<ul style="list-style-type: none"> <li>• As evidenced above, adults with a learning disability are disproportionately disadvantaged in accessing employment opportunities.</li> <li>• It must be highlighted and considered that navigating systems can be challenging for adults with a learning disability, to support more people to access organisations there must be a service wide approach to making these services easy to use and find, easy to access and provide a flexible support approach.</li> <li>• Where it is not unachievable that adults with a learning disability can be supported to navigate these systems, it must be acknowledged that by reducing the Discovery employment service the need to pull together across all services to support is essential.</li> </ul>	□	□	□
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>• The impact on gender reassignment cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>• The impact on marriage and civil partnership cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□

<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>• Around 7% of adults with a learning disability are parents, but most have a mild to borderline impairment, which may make it difficult to identify them as they will not have a formal diagnosis.</li> <li>• Around 40% of parents with a learning disability do not live with their children. The children of parents with a learning disability are more likely than any other group of children to be removed from their parents' care.</li> <li>• Parents with a learning disability are often affected by poverty, social isolation, stress, mental health problems, low literacy and communication difficulties.</li> <li>• Information taken from the below:  <a href="#">Parents with learning disabilities   Best Beginnings</a></li> <li>• It must be considered that where an adult with a learning disability is having or already has children additional support will be needed to find employment. There may be a negative experience with services that will need to be acknowledged and additional support must be considered.</li> </ul>	□	□	□
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>• Discovery supported employment recording shows that the majority of people they are supporting are white British. This may be due to demographic of the county. However, impact for BAME community must be considered.</li> <li>• This will be reviewed ongoing.</li> </ul>	□	□	□
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>• The impact on religion or belief cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□



<b>Sex</b>	<ul style="list-style-type: none"> <li>Men are generally considered to be more likely to have a learning disability than women.</li> <li>Research tells us that men are more likely to be diagnosed with a condition such as autism. However, there is some dispute that there be many more women who do have conditions such as autism but are not diagnosed due to behaviours called masking; where you take traits that everyone else is showing and then copy them.</li> <li>It is hard to truly know whether there will be an impact on one sex or another more significantly.</li> <li>Discovery employment service recording shows us that they work with more men than women. This may be due to more men with a learning disability live within Somerset. However, this must be reviewed and considered ongoing.</li> </ul>	□	□	□
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>The impact on sexual orientation cannot be considered at this stage but will be reviewed throughout the process.</li> </ul>	□	□	□
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<p>Discovery:</p> <ul style="list-style-type: none"> <li>Should a reduction in budget be formally agreed. It must be considered that a programme of redundancy may be one outcome for the provider. This is not known at present as consultation has not taken place. However, this will be form part of the discussion with Discovery and findings updated within this document.</li> </ul> <p>Families and Carers:</p> <ul style="list-style-type: none"> <li>Feedback from the Discovery employment service from families and carers remains consistently positive. In part due to the</li> </ul>	□	□	□

	<p>service supporting the navigation of the system of gaining employment.</p> <ul style="list-style-type: none"> <li>• To reduce the Discovery supported employment service may feel negative to families and carers and be seen as a 'cut'. Consultation is critical to talk through the overall picture around where the decision process has begun.</li> <li>• Where consultation process takes place findings will be documented as part of this impact assessment.</li> </ul>			
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**Negative outcomes action plan**  
 Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Formal decision via cabinet around whether the reduction in Discovery employment service budget consultation can begin.	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>

**If negative impacts remain, please provide an explanation below.**

<b>Completed by:</b>	<b>Ami Bestall</b>
<b>Date</b>	<b>08.01.2021</b>
<b>Signed off by:</b>	<b>James Cawley</b>
<b>Date</b>	<b>08.01.2021</b>
<b>Equality Lead/Manager sign off date:</b>	<b>01/02/2021 (Tom Rutland – Public Health Promotion Manager, Equalities)</b>
<b>To be reviewed by:</b> (officer name)	
<b>Review date:</b>	

# Somerset Equality Impact Assessment

<b>Organisation prepared for</b>				<b>Somerset County Council</b>			
<b>Version</b>		<b>V1</b>		<b>Date Completed</b>		<b>05/01/2021</b>	
<b>Description of what is being impact assessed</b>							
<p><b>Savings Ref: ADULTS-2122-03 Benefits for ASC of Intermediate Care system model and investment</b></p> <p><b>This is about system improvement and better outcomes for individuals.</b></p> <p>The health and care system has agreed to an expansion of the previous intermediate care (Home First) model to ensure that system priorities can be met but also that more people can go home from hospital or avoid a hospital admission. This model is predicated on a reablement ethos and the evidence that home is best for recovery and longer term outcomes. The business case presented to health and care chief executives included savings for acute bed days and other health related savings but also an expected saving for ASC, relating to better outcomes meaning less residential placements and a reduction in the overall anticipated demand for long term homecare support. This can only be achieved through better reablement, better decision making and ensuring that the community health and care workforce has the right skills to improve peoples outcomes. ASC already part funds these services and has had to invest more to grow them (c.£1.5m p.a out of a £6m p.a cost to the system). Savings would be via less permanent placements (estimated 40 less) and less packages/hours of homecare delivery against a growth continuum (75 less packages of care at ave 10 hours per week)</p>							

<b>Evidence</b>				
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b> Sources such as the <a href="#">Office of National Statistics</a> , <a href="#">Somerset Intelligence Partnership</a> , <a href="#">Somerset's Joint Strategic Needs Analysis (JSNA)</a> , Staff and/ or <a href="#">area profiles</a> ,, should be detailed here				
Information relating to poorer outcomes for people were they don't have appropriate access to reablement services on discharge from hospital.				
<b>Who have you consulted with to assess possible impact on protected groups?</b> If you have not consulted other people, please explain why?				
This model is predicated on a reablement ethos and the evidence that home is best for recovery and longer term outcomes. No specific groups were consulted however, it is widely accepted national best practice to maximise independence of older people by enabling them to live in their own homes for a long as possible.				
<b>Analysis of impact on protected groups</b>				
The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.				
<b>Protected group</b>	<b>Summary of impact</b>	<b>Negative outcome</b>	<b>Neutral outcome</b>	<b>Positive outcome</b>

<b>Age</b>	<ul style="list-style-type: none"> <li>Better reablement services will lead to better outcomes for older people meaning less residential placements and a reduction in the overall anticipated demand for long term homecare support</li> </ul>	□	□	☒
<b>Disability</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	□	☒
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	☒	□
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	☒	□
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	☒	□
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	☒	□
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	☒	□

<b>Sex</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	☐	☒	☐
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	☐	☒	☐
<b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	☐	☒	☐

**Negative outcomes action plan**  
 Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
	Select date			☐
	Select date			☐
	Select date			☐
	Select date			☐
	Select date			☐
	Select date			☐
	Select date			☐

	Select date			<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
<b>Completed by:</b>	<b>Anna Littlewood</b>			
<b>Date</b>	<b>05/01/2021</b>			
<b>Signed off by:</b>	<b>Tom Rutland</b>			
<b>Date</b>	<b>01/02/2021</b>			
<b>Equality Lead/Manager sign off date:</b>	<b>01/02/2021 (Tom Rutland – Public Health Promotion Manager, Equalities)</b>			
<b>To be reviewed by: (officer name)</b>	<b>Anna Littlewood</b>			
<b>Review date:</b>	<b>30/04/2021</b>			



## Somerset Equality Impact Assessment

<b>Organisation prepared for</b>				<b>Somerset County Council</b>			
<b>Version</b>		<b>V1</b>		<b>Date Completed</b>		<b>05/01/2021</b>	
<b>Description of what is being impact assessed</b>							
<p><b>Savings Ref: ADULTS-2122-04 Restructure of Adult Services Operations.</b>          The Adult Care services has over 30 vacancies at all grades at any one time and this has been the case for the last few years. Currently there is not expected to be a need for redundancies, this will be a reorganisation of current teams. The design phase of the restructure has not yet taken place and as such the direct impact on staffing is not known. Once this is complete it a further EIA can be undertaken. This EIA specifically relates to impact on Adult Social Care Service Users of the proposed restructure of teams.</p>							
<b>Evidence</b>							
<p><b>What data/information have you used to assess how this policy/service might impact on protected groups?</b> Sources such as the <a href="#">Office of National Statistics</a>, <a href="#">Somerset Intelligence Partnership</a>, <a href="#">Somerset's Joint Strategic Needs Analysis (JSNA)</a>, Staff and/ or <a href="#">area profiles</a>, should be detailed here</p>							
<p>Demand and capacity profiling will be undertaken of Somerset Counties locality areas to determine the size and skill mix of staffing required in each locality team. Demographic profiling and projections will also be used.</p>							
<p><b>Who have you consulted with to assess possible impact on protected groups?</b> If you have not consulted other people, please explain why?</p>							
<p>Consultation with staff will take place in 2021, working closely with our Unions.</p>							

<b>Analysis of impact on protected groups</b>				
The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.				
<b>Protected group</b>	<b>Summary of impact</b>	<b>Negative outcome</b>	<b>Neutral outcome</b>	<b>Positive outcome</b>
<b>Age</b>	<ul style="list-style-type: none"> <li>On Service Users: Positive impact anticipated as ASC teams will no longer be divided by those who work in hospitals and discharge pathways and those who work in the community minimising handover of cases. Majority of service users who come on these pathways are elderly. Also better integration with health teams at a local level as the restructure will ensure the teams are coterminous with community health and rapid response.</li> </ul>	□	□	☒
<b>Disability</b>	<ul style="list-style-type: none"> <li>As with the elderly cohort, those with disabilities who are being supported by adult social care will benefit from a merging of the hospital and discharge teams and the community teams and closer working with health teams at a local level. It is likely that the individuals will be connected with teams and staff who know them sooner in their hospital pathways.</li> </ul>	□	□	☒

<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	⊠	□
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	⊠	□
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	⊠	□
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	⊠	□
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	⊠	□
<b>Sex</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	⊠	□
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>No impact anticipated</li> </ul>	□	⊠	□

<p><b>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</b></p>	<ul style="list-style-type: none"> <li>Those in rural and isolated communities will benefit from the adult social care teams being coterminous with the community health and primary care networks. We anticipate that much more local models of care will be developed with teams working consistently with the same staff across partner organisations.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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**Negative outcomes action plan**

Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>

**If negative impacts remain, please provide an explanation below.**

<b>Completed by:</b>	<b>Anna Littlewood</b>
<b>Date</b>	<b>05/01/2021</b>
<b>Signed off by:</b>	<b>Tom Rutland</b>
<b>Date</b>	<b>01/02/2021</b>
<b>Equality Lead/Manager sign off date:</b>	<b>01/02/2021 (Tom Rutland – Public Health Promotion Manager, Equalities)</b>
<b>To be reviewed by:</b> (officer name)	<b>Anna Littlewood</b>
<b>Review date:</b>	<b>30/04/2021</b>

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Additional Financial Requirements

APPENDIX 3

Type of Financial Pressure	Description of Requirement	2021/22 £m	Note for financial planning only		Total £m
			2022/23 £m	2023/24 £m	
<b>Directorate:</b> <b>Director:</b> <b>Portfolio Holder:</b>	<b>Adults Services</b> <b>Mel Lock</b> <b>Cllr. David Huxtable</b>				
Inflation	Pay, Contractual and General Inflation	5.504	5.775	5.164	<b>16.443</b>
Demographic / Additional Demands	Demographic Increases for Adults, Learning Disabilities and Mental Health	6.342	3.834	4.093	<b>14.269</b>
Additional Budget Requirements	CAB - Local Assistance Scheme - Budget given instead of ongoing use of Corporate Contingency	0.107	0.000	0.000	<b>0.107</b>
<b>Total</b>		<b>11.953</b>	<b>9.609</b>	<b>9.257</b>	<b>30.819</b>
<b>Directorate:</b> <b>Director:</b> <b>Portfolio Holder:</b>	<b>Children's Services</b> <b>Julian Wooster</b> <b>Cllr. Frances Nicholson. Cllr Faye Purbrick</b>				
Inflation	Pay, Contractual and General Inflation	3.287	3.465	3.270	<b>10.022</b>
Additional Budget Requirements	Reversals of once-off budget from previous years	(0.216)	0.000	0.000	<b>(0.216)</b>
Demographic / Additional Demands	Demographic and demand increases for Children Looked After, Children in Need and SEND	3.127	1.667	1.217	<b>6.010</b>
Additional Budget Requirements	Safe Families, Educational Psychology locums and Community Fund, grant reduction	0.370	0.400	(0.050)	<b>0.720</b>
<b>Total</b>		<b>6.567</b>	<b>5.532</b>	<b>4.437</b>	<b>16.536</b>

Type of Financial Pressure	Description of Requirement	Note for financial planning only			Total £m
		2021/22 £m	2022/23 £m	2023/24 £m	
<b>Directorate:</b> <b>Director:</b> <b>Portfolio Holder:</b>	<b>Economic &amp; Community Infrastructure Services</b> <b>Paula Hewitt</b> <b>Cllr Clare Paul, Cllr David Hall, Cllr John Woodman, Cllr Mandy Chilcott</b>				
Inflation	Pay, Contractual and General Inflation	2.820	3.233	1.460	<b>7.513</b>
Demographic / Additional Demands	Various	0.301	(0.481)	1.290	<b>1.110</b>
Additional Budget Requirements	Reversals of once-off budget from previous years	(4.664)	(3.576)	0.000	<b>(8.240)</b>
Additional Budget Requirements	Growth: Additional Tree Maintenance, Ash Die Back & Climate Change	0.627	0.177	0.250	<b>1.054</b>
<b>Total</b>		<b>(0.916)</b>	<b>(0.647)</b>	<b>3.000</b>	<b>1.437</b>
<b>Directorate:</b> <b>Director:</b> <b>Portfolio Holder:</b>	<b>Corporate Affairs</b> <b>Simon Clifford</b> <b>Cllr. Faye Purbrick, Cllr Christine Lawrence</b>				
Inflation	Pay, Contractual and General Inflation	0.287	0.466	0.372	<b>1.125</b>
Additional Budget Requirements	Reversal of Once off budget from previous years	0.306	(0.169)	0.000	<b>0.137</b>
Additional Budget Requirements	ICT Budget Rebase	0.205	0.473	0.000	<b>0.678</b>
<b>Total</b>		<b>0.797</b>	<b>0.770</b>	<b>0.372</b>	<b>1.939</b>
<b>Directorate:</b> <b>Director:</b> <b>Portfolio Holder:</b>	<b>HR &amp; OD and Community Governance/Legal Services</b> <b>Chris Squire</b> <b>Cllr Mandy Chilcott</b>				
Inflation	Pay, Contractual and General Inflation	0.145	0.250	0.204	<b>0.599</b>
Demographic / Additional Demands	Appointment of part-time Area Coroner to support the County Coroner	0.050	0.000	0.000	<b>0.050</b>
Additional Budget Requirements	Reversal of Once off budget from previous years	0.145	(0.055)	0.000	<b>0.090</b>
<b>Total</b>		<b>0.340</b>	<b>0.195</b>	<b>0.204</b>	<b>0.739</b>



Type of Financial Pressure	Description of Requirement	Note for financial planning only			Total £m
		2021/22 £m	2022/23 £m	2023/24 £m	
<b>Directorate:</b> <b>Director:</b> <b>Portfolio Holder:</b>	<b>Finance</b> <b>Jason Vaughan</b> <b>Cllr. Mandy Chilcott</b>				
Inflation	Pay, Contractual and General Inflation	0.079	0.139	0.118	<b>0.337</b>
Demographic / Additional Demands	Loss of income as Risk Management Officer funding as no longer to be recharged to Insurance Fund	0.000	0.000	0.046	<b>0.046</b>
<b>Total</b>		<b>0.079</b>	<b>0.139</b>	<b>0.164</b>	<b>0.382</b>
<b>Directorate:</b> <b>Director</b> <b>Portfolio Holder:</b>	<b>Public Health</b> <b>Trudi Grant</b> <b>Cllr Clare Paul</b>				
Inflation	Pay, Contractual and General Inflation	0.006	0.010	0.008	<b>0.024</b>
Additional Budget Requirements	Reversal of Once off budget from previous years	(0.692)	0.000	0.000	<b>(0.692)</b>
<b>Total</b>		<b>(0.686)</b>	<b>0.010</b>	<b>0.008</b>	<b>(0.668)</b>
<b>Directorate:</b> <b>Director</b> <b>Portfolio Holder:</b>	<b>Non-Service</b> <b>Jason Vaughan</b> <b>Cllr. Mandy Chilcott</b>				
Inflation	Pay, Contractual and General Inflation	0.009	0.006	0.006	<b>0.021</b>
Additional Budget Requirements	Apprenticeship Levy and IFCA, pensions deficit, external audit fee, and EA Levy	0.285	0.241	0.016	<b>0.542</b>
Additional Budget Requirements	Changes in funding the capital programme and Investment Income	(0.831)	2.775	1.322	<b>3.266</b>
<b>Total</b>		<b>(0.537)</b>	<b>3.022</b>	<b>1.344</b>	<b>3.829</b>
<b>Total Additional Financial Requirements</b>		<b>17.598</b>	<b>18.630</b>	<b>18.786</b>	<b>55.014</b>

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Name of Reserve	Description of Reserve	Estimated Balance as at 31/03/2021	Estimated use of reserves 2021/22	Estimated Balance as at 31/03/2022	Estimated use of reserves 2022/23	Estimated Balance as at 31/03/2023	Estimated use of reserves 2023/24	Estimated Balance as at 31/03/2024
<b>General Reserves</b>								
General Reserves	Unrestricted funds held for general purposes and unexpected emergencies	-19.690	0.000	-19.690	0.000	-19.690	0.000	-19.690
<b>Total General Reserves</b>		<b>-19.690</b>	<b>0.000</b>	<b>-19.690</b>	<b>0.000</b>	<b>-19.690</b>	<b>0.000</b>	<b>-19.690</b>
<b>Earmarked Reserves</b>								
<u>Resilience Reserves</u>								
Social Care Transformation	To enable service transformation that delivers greater future operational savings	-3.354	1.000	-2.354	0.000	-2.354	0.000	-2.354
Social Care Volatility Reserves	Resilience against future social care funding & demand	-6.323	2.000	-4.323	0.000	-4.323	0.000	-4.323
Invest to Save	To enable service improvements to deliver greater future operational savings	-0.437	-0.021	-0.458	0.000	-0.458	0.000	-0.458
Improving Lives Programme (ILP)	An enabling fund to promote transformation across the Council	-1.861	0.238	-1.623	0.000	-1.623	0.000	-1.623
Corporate Priorities Reserve	To deliver on Corporate Priorities	-2.333	2.262	-0.071	0.000	-0.071	0.000	-0.071
Workforce Reserve	Resilience against workforce pressures	-1.168	0.000	-1.168	0.000	-1.168	0.000	-1.168
Funding Volatility Reserve	Resilience against future external funding changes	-3.735	0.000	-3.735	0.000	-3.735	0.000	-3.735
Budget Equalisation Reserve	Enable smoothing of spend across years.	-9.043	3.962	-5.081	0.215	-4.866	0.200	-4.666
<b>Total Resilience Reserves</b>		<b>-28.254</b>	<b>9.441</b>	<b>-18.813</b>	<b>0.215</b>	<b>-18.598</b>	<b>0.200</b>	<b>-18.398</b>
<u>Other Reserves</u>								
Trading Accounts	The cumulative surplus/deficits of the Council's trading accounts	-0.715	0.243	-0.472	0.000	-0.472	0.000	-0.472
Covid-19	Funding set aside for collection fund deficits	-9.500	9.500	0.000	0.000	0.000	0.000	0.000
Climate Emergency	Funding priorities and actions for the Climate Emergency	-1.000	0.000	-1.000	0.000	-1.000	0.000	-1.000
West Somerset Opportunity Area	Three year programme funded by the Department for Education	-0.761	0.000	-0.761	0.000	-0.761	0.000	-0.761
Public Health	Ring-fenced underspends from the Council's Public Health budget	-2.589	0.000	-2.589	0.000	-2.589	0.000	-2.589
Prevention Fund	Preventative work including localised impact	-0.376	0.218	-0.157	0.000	-0.157	0.000	-0.157
Held for infrastructure developments	S106 / S38 / Commuted Sums	-2.470	0.027	-2.443	0.000	-2.443	0.000	-2.443
Economic Development	Set aside to deliver specific economic growth (i.e. enterprise zones)	-0.112	0.000	-0.112	0.000	-0.112	0.000	-0.112
R&M Fund (BMIS) (Schools)	Historical overspends against Property Repairs and Maintenance and BMIS (schools property indemnity scheme). BMIS scheme is now ended.	-0.082	-0.034	-0.116	0.000	-0.116	0.000	-0.116
BSF Bridgwater - Equalisation Reserve	Set aside to meet future contract costs of the Councils PFI schools in Bridgwater.	-7.483	-1.051	-8.534	0.000	-8.534	0.000	-8.534
Capital Fund	Capital to support significant unforeseen costs not allowable against capital schemes.	-4.638	-1.000	-5.638	-1.000	-6.638	-1.000	-7.638
Insurance	As the Council largely self-insures, this reserve has been set aside for Incurred But Not Reported (IBNR), MMI levy and other insurance related balances.	-7.343	0.000	-7.343	0.000	-7.343	0.000	-7.343
Other Children's Services	Ring fenced funds for various children's services	-3.913	0.011	-3.902	0.000	-3.902	0.000	-3.902
Other ECI	Ring-fenced funds for various ECI services	-1.228	0.563	-0.665	0.000	-0.665	0.000	-0.665
Other Support Service	Ring-fenced funds for various support services	-1.010	0.821	-0.189	0.000	-0.189	0.000	-0.189
<b>Total Other Reserves</b>		<b>-43.220</b>	<b>9.298</b>	<b>-33.921</b>	<b>-1.000</b>	<b>-34.921</b>	<b>-1.000</b>	<b>-35.921</b>
<b>Total Earmarked Reserves</b>		<b>-71.474</b>	<b>18.739</b>	<b>-52.734</b>	<b>-0.785</b>	<b>-53.519</b>	<b>-0.800</b>	<b>-54.319</b>

Name of Reserve	Description of Reserve	Estimated Balance as at 31/03/2021	Estimated use of reserves 2021/22	Estimated Balance as at 31/03/2022	Estimated use of reserves 2022/23	Estimated Balance as at 31/03/2023	Estimated use of reserves 2023/24	Estimated Balance as at 31/03/2024
<b>Funds Held on Behalf of Other Bodies</b>								
Somerset Rivers Authority	Funds held on behalf of SRA who are a separate decision making body. SCC holds as administering authority	-6.623	2.553	-4.070	0.000	-4.070	0.000	-4.070
Local Enterprise Partnership	Funds held on behalf of LEP who are a separate decision making body. SCC holds as accountable authority	-1.721	1.396	-0.326	0.000	-0.326	0.000	-0.326
Connecting Devon and Somerset	Funds held on behalf of Connecting Devon and Somerset and the superfast broadband project. SCC holds as accountable authority.	-0.512	0.512	0.000	0.000	0.000	0.000	0.000
Somerset Waste Partnership	Funds held on behalf of SWP who are a separate decision making body. SCC holds as administering authority	2.440	-1.353	1.087	0.000	1.087	0.000	1.087
Dedicated Schools Grant - High Needs	DSG High needs cumulative deficit - DSG recovery plan in place	19.600	0.000	19.600	0.000	19.600	0.000	19.600
BRR Countywide pot	Funds held on behalf of Districts who are a separate decision-making body. SCC holds as administering authority	-1.983	1.983	0.000	0.000	0.000	0.000	0.000
<b>Total Funds Held on Behalf of Other Bodies</b>		<b>11.201</b>	<b>5.091</b>	<b>16.291</b>	<b>0.000</b>	<b>16.291</b>	<b>0.000</b>	<b>16.291</b>

Adults Services	£m	£m
<b>2020/21 Original Budget</b>		<b>126.290</b>
<b>Permanent Virements</b>		
Other Permanent Virements	5.128	5.128
<b>Base Budget</b>		<b>131.418</b>
<b>Additional Funding Requirements:</b>		
Inflation (Contractual, General, and Pay)	5.505	
Demographic and other Demand Increases	6.342	
CAB Local Assistance Scheme - base budget rather than from contingencies	0.107	
		<b>11.953</b>
<b>Transformation, Savings &amp; Income Generation Proposals already agreed</b>		
Community focused redesign of traditional service	(0.050)	
Digital FAB	(0.062)	
		<b>(0.112)</b>
<b>New Transformation, Savings &amp; Income Generation Proposals</b>		
Savings from new intermediate care model	(0.600)	
Staff efficiencies	(0.300)	
Reduced Day Care Transport Costs	(0.300)	
Employment Support	(0.400)	
New ways of working/establishment control	(0.067)	
		<b>(1.667)</b>
<b>2021/22 Proposed Budget</b>		<b>141.592</b>
<b>Change £m</b>		<b>10.174</b>
<b>Change %</b>		<b>7.74%</b>

<b>Children's Services</b>	<b>£m</b>	<b>£m</b>
<b>2020/21 Original Budget</b>		<b>86.600</b>
<b>Permanent Virements</b>		
Other Permanent Virements	0.745	
		<b>0.745</b>
<b>Budget after Permanent Virements</b>		<b>87.345</b>
Removal of once-off budgets for 2020/21		<b>(0.317)</b>
<b>Base Budget</b>		<b>87.028</b>
<b>Additional Funding Requirements:</b>		
Inflation (Contractual, General, and Pay)	3.287	
Demographic and other Demand Increases	3.127	
Other Funding Requirements	0.370	
<b>Total Additional Funding Requirements</b>		<b>6.783</b>
<b>Transformation, Savings &amp; Income Generation Proposals already agreed</b>		
Family Safeguarding	(0.387)	
SENDIAS	(0.240)	
Travel Plans	(0.240)	
Removal of savings not achievable	0.385	
		<b>(0.482)</b>
<b>New Transformation, Savings &amp; Income Generation Proposals</b>		
Staffing Savings (once-off)	(0.470)	
New Ways of Working/Establishment Control	(0.166)	
		<b>(0.636)</b>
<b>Once Off - Use of Reserves</b>		
SEND Improvement Plan	2.000	
School reorganisation project	0.100	
SEN Reform Grant	0.011	
Social Care Transformation Reserve (Family Safeguarding Model)	1.000	
Pause - Prevention Fund	0.100	
		<b>3.211</b>
<b>Technical Adjustments</b>		
Trouble Families Grant - Reduced amount for 2021/22		<b>0.100</b>
<b>2021/22 Proposed Budget</b>		<b>96.005</b>
<b>Change £m</b>		<b>8.977</b>
<b>Change %</b>		<b>10.32%</b>

<b>Public Health</b>	<b>£m</b>	<b>£m</b>
<b>2020/21 Original Budget</b>		<b>2.097</b>
Removal of once-off budgets for 2020/21		<b>(0.692)</b>
<b>Base Budget</b>		<b>1.405</b>
<b>Additional Funding Requirements:</b>		
Inflation (Contractual, General, and Pay)	0.006	
<b>Total Additional Funding Requirements</b>		<b>0.006</b>
<b>2021/22 Proposed Budget</b>		<b>1.411</b>
<b>Change £m</b>		<b>0.006</b>
<b>Change %</b>		<b>0.43%</b>

<b>Economic &amp; Community Infrastructure Services</b>	<b>£m</b>	<b>£m</b>
<b>2020/21 Original Budget</b>		<b>73.100</b>
<b>Permanent Virements</b>		
CDS to Accountable Bodies	(0.381)	
Other Permanent Virements	(0.019)	
		(0.400)
<b>Budget after Permanent Virements</b>		<b>72.700</b>
Removal of once-off budgets for 2020/21		(4.664)
<b>Base Budget</b>		<b>68.036</b>
<b>Additional Funding Requirements:</b>		
Inflation (Contractual, General, and Pay)	2.820	
Demographic and other Demand Increases	0.273	
<b>Growth</b>		
Additional tree maintenance staff	0.123	
Management of ash dieback	0.250	
Implementation of priority requirements within the Climate Change Strategy	0.254	
Other Funding Requirements	0.028	
<b>Total Additional Funding Requirements</b>		<b>3.748</b>
<b>Transformation, Savings &amp; Income Generation Proposals already agreed</b>		
Trading Standards – new partner efficiency saving dependant on merger	(0.004)	
Highways - Reduce highway lighting energy budget	(0.040)	
Transport - Reduction of County Ticket budget	(0.040)	
Property reduced running costs	(0.015)	
Waste	(0.141)	
Removal of savings not achievable	0.027	
		(0.213)
<b>New Transformation, Savings &amp; Income Generation Proposals</b>		
Economic Development Savings	(0.025)	
Planning Savings	(0.011)	
Flood & Water Management Savings	(0.010)	
Transporting Somerset Savings	(0.460)	
Heritage Savings	(0.005)	
Property Savings	(0.692)	
Highways & Transport Commissioning Savings	(0.165)	
Highways Operations Savings	(0.170)	
Infrastructure Programmes Savings	(0.022)	
Traffic Management Savings	(0.600)	
Waste Savings	(0.030)	
New Ways of Working/Establishment Control	(0.051)	
		(2.240)
<b>Once off - Use of Reserves</b>		<b>3.776</b>
<b>2021/22 Proposed Budget</b>		<b>73.107</b>
<b>Change £m</b>		<b>5.072</b>
<b>Change %</b>		<b>7.45%</b>



Corporate Affairs	£m	£m
<b>2020/21 Original Budget</b>		<b>14.006</b>
Permanent Virements		0.007
<b>Budget after Permanent Virements</b>		<b>14.013</b>
Removal of once-off budgets for 2020/21		0.580
<b>Budget Budget</b>		<b>14.593</b>
<b>Additional Funding Requirements:</b>		
Inflation (Contractual, General, and Pay)	0.287	
ICT budget rebase	0.205	
Other Funding Requirements	(0.275)	
<b>Total Additional Funding Requirements</b>		<b>0.216</b>
<b>Transformation, Savings &amp; Income Generation Proposal already agreed</b>		<b>(0.020)</b>
<b>New Savings Proposals</b>		<b>(1.064)</b>
Budget Management – in year savings, vacancies, increased income	(0.400)	
Removing vacancies and staffing reductions	(0.291)	
Improvement in Customer Contact - first point of contact resolution	(0.154)	
Commercial and Procurement contract rationalisation	(0.160)	
other	(0.010)	
ICT Services contract efficiencies	(0.030)	
New Ways of Working/Establishment Control	(0.019)	
<b>Once off - Use of Reserves</b>		<b>(0.429)</b>
Your Somerset Increase number of editions	0.015	
H2HY - Prevention Fund	0.075	
BSF Bridgwater - Equalisation Reserve	(1.051)	
Improving Lives Programme	0.238	
Corporate Priorities Reserve (Community Hubs)	0.169	
Corporate Priorities Reserve (Members £2k Scheme)	0.125	
		<b>(0.429)</b>
<b>2021/22 Proposed Budget</b>		<b>13.297</b>
<b>Change £m</b>		<b>(1.297)</b>
<b>Change %</b>		<b>-8.89%</b>

<b>HR &amp; OD and Community Governance/Legal Services</b>	<b>£m</b>	<b>£m</b>
<b>2020/21 Original Budget</b>		<b>7.762</b>
Permanent Virements		(0.115)
<b>Budget after Permanent Virements</b>		<b>7.647</b>
Removal of once-off budgets for 2020/21		0.145
<b>Base Budget</b>		<b>7.792</b>
<b>Additional Funding Requirements:</b>		
Inflation (Contractual, General, and Pay)	0.145	
Appointment of Part-Time Coroner	0.050	
<b>Total Additional Funding Requirements</b>		<b>0.195</b>
<b>New Savings Proposals</b>		
Replacing payroll system to increase automation	(0.020)	
Reduce Learning and Development Budget	(0.200)	
New Ways of Working/Establishment Control	(0.039)	
		<b>(0.259)</b>
<b>Once off - Use of Reserves</b>		
Additional resource supporting partnership working/election planning	0.038	
Elections	0.801	
Heart of South West Committee	0.020	
Invest to save fund	(0.021)	
		<b>0.838</b>
<b>2021/22 Proposed Budget</b>		<b>8.566</b>
<b>Change £m</b>		<b>0.774</b>
<b>Change %</b>		<b>9.93%</b>

Finance	£m	£m
<b>2020/21 Original Budget</b>		<b>2.965</b>
Permanent Virements		0.111
<b>Base Budget</b>		<b>3.076</b>
<b>Additional Funding Requirements:</b>		
Inflation (Contractual, General, and Pay)	0.079	
<b>Total Additional Funding Requirements</b>		<b>0.079</b>
<b>New Savings Proposals</b>		
Reduction in Internal Audit costs	(0.030)	
Staffing efficiencies	(0.065)	
New Ways of Working/Establishment Control	(0.004)	
		<b>(0.098)</b>
<b>2021/22 Proposed Budget</b>		<b>3.057</b>
<b>Change £m</b>		<b>(0.019)</b>
<b>Change %</b>		<b>-0.62%</b>

Non Service - Corporate Areas	£m	£m
<b>2020/21 Original Budget</b>		<b>30.528</b>
Permanent Virements		<b>(0.028)</b>
<b>Budget Budget</b>		<b>30.500</b>
<b>Additional Funding Requirements:</b>		
Pay Inflation	0.003	
General Inflation - Subscriptions	0.006	
Increase Apprenticeship Levy Recharge	0.012	
Increase budget in-line with current estimates IFCA (Devon & Severn)	0.003	
<b>Total Additional Funding Requirements</b>		<b>0.024</b>
<b>Technical Adjustments</b>		
The Environment Agency (EA) levy	0.025	
Increase Audit Fee following Redmond Review	0.030	
Pensions Deficit	0.215	
Debt Charges - Principle & Interest	(1.999)	
Investment Income	1.168	
		<b>(0.561)</b>
<b>Transformation, Savings &amp; Income Generation Proposals already agreed</b>		
Treasury Management - Strategic investment returns for £50m	(0.403)	
Capital Programme Forecast Slippage at Qtr2 19/20 - Funded by Borrowing	(0.137)	
		<b>(0.540)</b>
<b>Once Off - Use of Reserves</b>		
One Somerset	3.200	
<b>Total Once off - Use of Reserves</b>		<b>3.200</b>
<b>2021/22 Proposed Budget</b>		<b>32.624</b>
<b>Change £m</b>		<b>2.124</b>
<b>Change %</b>		<b>6.96%</b>

<b>Non Service - Accountable Bodies</b>	<b>£m</b>	<b>£m</b>
<b>2020/21 Original Budget</b>		<b>2.420</b>
Permanent Virements		0.382
<b>Budget after Permanet Virements</b>		<b>2.802</b>
Removal of once-off budgets for 2020/21		<b>0.142</b>
SRA Budget Adjustment		<b>(0.002)</b>
<b>Use of Reserves</b>		<b>4.491</b>
<b>2021/22 Proposed Budget</b>		<b>7.433</b>
<b>Change £m</b>		<b>4.631</b>
<b>Change %</b>		<b>165.27%</b>
<b>Non Service - Special Grants</b>	<b>£m</b>	<b>£m</b>
<b>2020/21 Original Budget</b>		<b>(19.964)</b>
<b>Funding Changes</b>		
Lead Local Flood Authority	0.080	
New Homes Bonus	0.794	
Local Reform and Community Voices	(0.350)	
Covid 19 Emergency Fund Grant - Tranche 5	(10.800)	
Local Council Tax Support Scheme S31	(4.200)	
Rural Services Delivery Grant	(0.121)	
Social Care Support Grant	(3.259)	
		<b>(17.856)</b>
<b>2021/22 Proposed Budget</b>		<b>(37.819)</b>
<b>Change £m</b>		<b>(17.856)</b>
<b>Change %</b>		<b>89.44%</b>

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# Somerset County Council

## Capital Strategy 2021/22– 2023/24

# Capital Strategy Report 2021/22

## Contents

1. Background and Context .....	3
2. Capital Expenditure and Financing.....	4
• Table 1: Estimates of Capital Expenditure	
• Table 2: Capital financing	
• Table 3: MRP for the repayment of debt	
• Table 4: Prudential Indicator: Estimates of Capital Financing Requirement	
• Table 5: Capital receipts	
3. Treasury Management.....	6
• Table 6: Prudential Indicator: External Debt and the Capital Financing Requirement	
• Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt	
4. Investment Strategy.....	9
• Treasury Management Investments	
• Investments for Service Purposes	
• Investments for Commercial Activities	
5. Other long-term liabilities.....	10
6. Revenue Budget Implications.....	10
• Table 8: Prudential Indicator: Proportion of financing costs to net revenue streams	
7. Knowledge and Skills.....	11



## 1. Background and Context

This capital strategy is a report for 2021/22, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

It addresses the capital components of the wider financial strategies adopted by the Authority. It identifies the links and relationships that need to be made in considering and implementing the Capital Programme to support the County Plan objectives. This is done through the Medium Term Financial Plan (MTFP) and alerts services to the governance and control framework within which the investment planning and delivery takes place.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

The Capital Programme is the term used for the Council's rolling plan of investment in both its own assets and those of its partners. The programme spans multi-years and contains a mix of individual schemes, many spanning more than one year. Some schemes will be specific investment projects while others may provide for an overarching schedule of thematic works e.g. "Highways".

Investing in assets can include expenditure on:

- Infrastructure such as highways, open spaces, coast protection;
- New build;
- Enhancement of buildings through renovation or remodelling;
- Major plant, equipment and vehicles;
- Capital contributions to other organisations enabling them to invest in assets that contributes to the delivery of the Council's priorities.

The Capital Programme is distinct from the Council's revenue budget which funds day-to-day services, but they are both linked and are managed together. This ensures they contribute to the Council's objectives set out in the County Plan to achieve the most beneficial balance of investment within the resources available.

There is a strong link with the Treasury Management Strategy<sup>1</sup> that provides a framework for the borrowing and lending activity of the Council supporting the

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<sup>1</sup> Treasury Management Strategy link: *to be added when approved at Full Council*

historic investment programme. Asset information can be obtained from the Corporate Property Group which manages the built estate as Corporate Landlord. Additional (non-property information) can be found within various service plans maintained by Services.

## 2. Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

The Council has the ability to set a de-minimis level to capture only significant assets, however does not opt to do so. This allows the Council to review every item of expenditure and capitalise as appropriate.

- For details of the Council's policy on capitalisation, see the accounting policy (No.13 PPE) within the annual statement of accounts: [gov.uk/how-the-council-works/budgets-and-accounts/](http://gov.uk/how-the-council-works/budgets-and-accounts/)

In 2021/22, the Council is planning capital expenditure of £152.137m. The following table shows our planned spend for the future:

*Table 1: Estimates of Capital Expenditure*

	<b>2019/20 actual £m</b>	<b>2020/21 forecast £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>
Capital Expenditure	163.223	154.219	152.137	59.714	15.916

This table includes both the current approved capital programme and the proposed 2021/22 programme due to be put to Full Council on 17<sup>th</sup> February 2021. For example, the 2021/22 budget of £152.137m is made up of £99.719m current programme and £52.418m 2021/22 proposed new schemes.

Service managers bid annually to include projects in the Council's capital programme. Bids are collated by corporate finance who calculate the financing cost (which can be nil if the project is fully externally financed). The bids are appraised against a set criterion including a comparison of service priorities against the

affordability of the financing costs. The Senior Leadership Team undertakes a final review before the draft capital programme is then presented to relevant Scrutiny Committee(s) prior to its consideration by the Cabinet in February for recommendation to Council in February each year.

For full details of the Council's 2021/22 capital programme, see section 16 of the main 2021/22 MTFP report and appendix 7 of the papers to Full Council on 17<sup>th</sup> February 2021.

All capital expenditure must be financed, either from external sources (government grants and other contributions such as S106 and CIL), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing*

	<b>2019/20 actual £m</b>	<b>2020/21 forecast £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>
External sources	112.776	94.976	96.073	21.453	10.282
Own resources:					
Capital receipts	2.046	3.160	3.035	2.516	0.000
Revenue / Reserves	2.119	1.048	2.500	1.000	0.000
Debt	46.282	55.035	50.529	34.745	5.634
<b>TOTAL</b>	<b>163.223</b>	<b>154.219</b>	<b>152.137</b>	<b>59.714</b>	<b>15.916</b>

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Planned MRP budgets are as follows:

*Table 3: MRP for the repayment of debt*

	<b>2019/20 actual £m</b>	<b>2020/21 forecast £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>
Own resources	2.600	3.623	4.871	6.283	7.147

- The Council's full minimum revenue provision statement is available in appendix 9 of the 2021/22 MTFP papers to Full Council on 17<sup>th</sup> February 2021.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP, lease principal repayments and capital receipts used to replace debt. The CFR is expected to increase by £46.580m during 2021/22. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement*

	<b>31.03.2020</b> <b>actual</b> <b>£m</b>	<b>31.03.2021</b> <b>forecast</b> <b>£m</b>	<b>31.03.2022</b> <b>budget</b> <b>£m</b>	<b>31.03.2023</b> <b>budget</b> <b>£m</b>	<b>31.03.2024</b> <b>budget</b> <b>£m</b>
<b>TOTAL CFR</b>	<b>422.144</b>	<b>471.144</b>	<b>517.808</b>	<b>548.585</b>	<b>545.871</b>

**Asset management:** To ensure that capital assets continue to be of long-term use and support the county plan, the Council will have an asset management strategy in place. This strategy is currently under review and will be approved in Summer 2021.

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.896m of capital receipts in the current financial year.

*Table 5: Capital receipts*

	<b>2019/20</b> <b>actual</b> <b>£m</b>	<b>2020/21</b> <b>forecast</b> <b>£m</b>	<b>2021/22</b> <b>budget</b> <b>£m</b>
<b>TOTAL asset sales</b>	<b>3.282</b>	<b>4.896</b>	<b>6.738</b>

Ministry of Housing, Communities and Local Government (MHCLG) have issued a 'flexible use of capital receipts' directive. This allows transformation projects which will save revenue budget to be funded from capital receipts. This directive was issued in 2016 and is extend until March 2022. The authority's use of receipts under this directive is a total of £17.267m. It is not anticipated that any further use of the flexibility will be made in 2020/21 or 2021/22.

### 3. Treasury Management

Treasury management is the activity of keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Authority currently has long term borrowing of £324.550m at an average interest rate of 4.66%. The authority continues to maximise the use of the cash held before taking costly external debt, this is referred to as internal borrowing. It is anticipated the level of internal borrowing at 31/03/2021 will be £84.110m.

The budget for debt interest paid in 2021/22 is £15.920m, based on an average debt portfolio of £447.188m at an average interest rate of 3.73%. The budget for investment income in 2020/21 is £1.196m, based on an average investment portfolio of £140m at an average return of 0.6%. (These figures are net of balances held on behalf of external investors i.e. the Local Enterprise Partnership).

**Borrowing strategy:** The Council's main objectives when borrowing continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. It strives to achieve as low but more certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheaper short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but is higher (currently 1.5 to 2.5%).

Projected levels of the Council's total outstanding debt (which comprises of borrowing and Private Financing Initiatives (PFI) liabilities, are shown below, compared with the capital financing requirement (with reference to table 4 above).

Table 6: Prudential Indicator: External Debt and the Capital Financing Requirement

	<b>31.3.2020 actual £m</b>	<b>31.3.2021 forecast £m</b>	<b>31.3.2022 budget £m</b>	<b>31.3.2023 budget £m</b>	<b>31.3.2024 budget £m</b>
Short term debt	7.395	10.000	10.000	10.000	10.000
Long term debt *	332.176	330.270	328.967	323.796	311.794
Assumed debt not yet taken	0.000	0.000	90.370	125.370	145.370
PFI & leases	41.972	42.533	39.872	38.676	37.364
Total external borrowing	<b>381.543</b>	<b>382.803</b>	<b>469.209</b>	<b>497.842</b>	<b>504.529</b>
Capital Financing Requirement	<b>422.144</b>	<b>471.228</b>	<b>517.808</b>	<b>548.585</b>	<b>545.871</b>

\*(reduces for MRP & debt repayment)

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt

	<b>2019/20 limit £m</b>	<b>2020/21 limit £m</b>	<b>2021/22 limit £m</b>	<b>2022/23 limit £m</b>	<b>2023/24 limit £m</b>
Authorised limit – borrowing	401.747	402.419	508.051	541.875	556.455
Authorised limit – PFI and leases	53.972	55.533	52.872	51.301	49.989
<b>Authorised limit – total external debt</b>	<b>455.719</b>	<b>457.952</b>	<b>560.923</b>	<b>593.176</b>	<b>606.444</b>
Operational boundary – borrowing	371.747	372.419	463.051	496.875	511.455
Operational boundary – PFI and leases	46.972	47.533	44.872	43.301	41.989
<b>Operational boundary – total external debt</b>	<b>418.719</b>	<b>419.952</b>	<b>507.923</b>	<b>540.176</b>	<b>553.444</b>

*\*There is a change to the accounting standards for leasing, due for adoption 1<sup>st</sup> April 2022 having been deferred by 1 year as announced by CIPFA in November 2020. The impact of this will be to bring all material leases greater than one year onto the authority's balance sheet, thus creating additional borrowing liability. The full value of this is yet to be quantified so an estimate of this has been allowed for separately within the Authorised borrowing Limit.*

## 4. Investment Strategy

**Treasury investments:** is the management of the Council's cash flows, borrowing and treasury investments, and the associated risks. The Council has significant debt and treasury investment portfolios and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Investments made for service reasons or for the purpose of generating a positive income (net of costs), known as non-treasury investments, are not considered to be part of treasury management.

This capital strategy contains the prudential indicators approved by the Council. The Treasury management strategy contains further details on treasury investments criteria and governance. There are also 3 Treasury management indicators that are set out in section 4 of the Treasury Management Strategy for the adoption by the Council.

- the Treasury Management Strategy can be found as item 9 on the Cabinet agenda for 8<sup>th</sup> February 2021 and as part of the 2021/22 MTFP papers to Full Council on 17<sup>th</sup> February 2021.

**Risk management:** 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 Authority's policy on treasury investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns in accordance with MHCLG guidance. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice. The strategy includes some prudential indicators which manage risk in setting the boundaries.

**Governance:** Decisions on treasury management investment and borrowing are delegated to the Director of Finance and staff, who must act in line with the annual treasury management strategy approved by Full Council each year. In formulating the



Treasury Management Strategy, and the setting of Prudential Indicators, Somerset County Council (SCC) adopts the Treasury Management Framework and Policy recommended by CIPFA, see **appendix A** of the Treasury Management Strategy.

Further governance is provided by the comprehensive Treasury Management Practices (TMP's) which set out the main categories of risk that may impact on the achievement of Treasury Management objectives.

A mid-year and an annual outturn report on treasury management activity are presented to Full Council. The audit committee is responsible for scrutinising treasury management decisions.

**Non-Treasury (Commercial) investments:** Describing the Council's approach to non-treasury investment is a requirement of the Ministry of Housing, Communities and Local Government (MHCLG).

With central government financial support for local public services declining, the Council explored the options of investing in non-treasury investments purely or mainly for financial gain. With financial return being the main objective, with this comes higher risk on commercial investment than with treasury investments. Borrowing to invest purely for commercial income gain is strongly discouraged by Treasury, to the point the PWLB is explicit in not being used for this sole purpose. Given both considerations the Authority does not look to make this type of investment and therefore does not have a current Investment Strategy.

As it remains an option available to the Authority, a policy paper was endorsed at Cabinet on 18<sup>th</sup> December 2019, the full paper can be found here;

<http://democracy.somerset.gov.uk/ieListDocuments.aspx?CIId=134&MIId=740&Ver=4>

This sets out the regulatory boundaries, options available and outlines the appropriate governance be put in place should any of the arrangements be taken forward.

## 5. Other long-term liabilities

In addition to debt of £381.543m detailed above, the Council is committed to making future payments to cover its pension fund deficit. The deficit reported in the 2019/20 accounts was £754.797m (as at 31/03/2020). It has also set aside £11.452m (as at 31/03/2020) as a provision to cover risks of insurance claims, business rate appeals and other legal claims. The Council is also at risk of having to pay for contingent

liabilities but has not put aside any money because of the low risk and uncertainties around potential value.

**Governance:** Decisions on incurring new discretionary liabilities will initially be considered by service managers for discussion with the relevant director. If it is recommended that the liability may be undertaken then the relevant director will consult with the Chief Finance Officer (S151 Officer), Monitoring Officer and County Solicitor before any recommendation is made to the Senior Leadership Team prior to any decisions taken. Depending on the extent of the liability envisaged, it may be necessary to make a formal decision through a democratic process. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported quarterly to audit committee. New liabilities exceeding £500m are reported to Cabinet and Full Council for approval.

- Further details on provisions and contingent liabilities are on pages 131 and 145 of the 2019/20 statement of accounts:  
<http://www.somerset.gov.uk/information-and-statistics/financial-information/budgets-and-accounts/>

## 6. Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

*Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream*

	<b>2019/20 actual</b>	<b>2020/21 forecast</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>
Financing costs (£m)	22.985	22.286	22.832	25.216	27.541
Proportion of net revenue stream	6.73%	6.18%	6.17%	6.75%	7.19%

- Further details on the revenue implications of capital expenditure can be found in section 16 of the main 2021/22 MTFP report to Full Council on 17<sup>th</sup> February 2021.

**Sustainability:** Due to the long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend into the future years. The Director of Finance is satisfied the proposed capital programme is prudent, affordable and sustainable. This follows full challenge of all capital bids against set criteria of affordability and service need.

Only schemes that will have fully approved funding in place are considered as part of the capital programme and the cost impact of borrowing forms part of the revenue medium term financial planning.

## 7. Knowledge and Skills

The Council employs professionally qualified and experienced staff in all positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Finance and section 151 Officer will always be a qualified accountant with substantial experience and there is a range of significant experience and expertise within the Treasury Team. Where necessary, the Council pays for junior staff to study towards relevant professional qualifications, for example CIPFA.

Where the Council needs additional resources, external validation of officers work or where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing additional resources directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

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## Summary of Capital MTFP Proposals 2021/22

### Adult Services

Bid Reference	Scheme	Description	Status	2021/22 £	2022/23 £	2023/24 £	Programme Total £
C21-011	Adult's Residential Placements (Invest to Save)	This proposal is being developed in partnership with the Children's and Adults Commissioning Teams to support their developing strategy for high cost placements for complex, high needs cases. Under the Corporate Landlord Model, Corporate Property are leading on the infrastructure element to support the Service's strategy. The proposal is to purchase several residential properties for short term placements which at present are solely reliant on third party providers often at significant distances out of county.	New Bid	0	1,000,000	0	1,000,000
C21-012	Residential Extra Care Housing	Partnership between Adults Services and Corporate Property to support the developing strategy for residential accommodation. This proposal is linked to investment into schemes being developed by Housing Associations which would ensure access to affordable accommodation and to ensure sufficient availability of crisis placement accommodation. It would also potentially reduce the need to unnecessarily place people in care homes due to there being no suitable accommodation available. This has both a cost benefit to the county council but also improves outcomes for the individuals involved.	New Bid	1,500,000	0	0	1,500,000
C21-015	Residential Supported Living	Most supported living schemes developed by Housing Associations need extra funding to make them viable, to cover additional cost associated with communal area and technology. Supported Living developments usually provide for Adults under the age of 65 who may have Learning Disabilities or for Mental Health issues.	New Bid	500,000	0	0	500,000
C21-016	Residential Six Acres Development	This proposal is being developed in partnership between Adults Services and Corporate Property to support the developing strategy for residential accommodation. This proposal is in relation to the Six Acres site in Taunton which is currently leased out to, and operated by, Dimensions but which is subject to negotiations over how best to develop the site going forward. It is anticipated that investment would be required to develop the site and adjacent land as a social housing development that includes supporting living and replaces the existing supporting living schemes/ residential care schemes on the site.	New Bid	116,000	0	0	116,000
<b>Adult Services Total</b>				<b>2,116,000</b>	<b>1,000,000</b>	<b>0</b>	<b>3,116,000</b>

**Children's Services**

Bid Reference	Scheme	Description	Status	2021/22 £	2022/23 £	2023/24 £	Programme Total £
C21-010	Children's Residential Placements (Invest to Save)	This proposal is being developed in partnership with the Children's and Adults Commissioning Teams to support their developing strategy for high cost placements for complex, high needs cases. Under the Corporate Landlord Model, Corporate Property are leading on the infrastructure element to support the Service's strategy. The proposal is to purchase several residential properties for short term placements which at present are solely reliant on third party providers often at significant distances out of county.	New Bid	3,000,000	0	0	<b>3,000,000</b>
C21-012	Schools Condition Programme	The Council has a statutory duty to ensure sufficient provision of new places. In addition, schools must be maintained in an appropriate condition. This funding is to ensure schools building are safe and functional and that their condition does not detract from teaching and learning, or lead to unplanned school closures. In order to ensure an effective condition programme can be delivered to address the growing backlog of unaddressed high priority items, this request is based on the need identified in the most recent condition surveys.	New Bid	4,571,600	0	0	<b>4,571,600</b>
C21-013	Crewkerne & Ilminster Bid 2 - Condition Costs	Need to address condition issues in schools within the Ilminster/ Crewkerne area (in conjunction with the Schools Condition bid from Property).	New Bid	111,400	3,149,700	1,851,500	<b>5,112,600</b>
C21-027	Specialist Education Provision in the West Somerset Area	Establishment of a Specialist Education Provision Base within the West Somerset area.	New Bid	600,000	1,400,000	0	<b>2,000,000</b>
C21-028	Expansion of the Polden Centre ASD Base, Bridgwater	Expansion of ASD Base to provide additional places to meet future demand.	New Bid	300,000	0	0	<b>300,000</b>
C21-029	Schools Basic Need	Statutory duty to provide sufficient school places (Primary & Secondary) within Somerset.	New Bid	424,800	1,104,600	170,600	<b>1,700,000</b>
C21-030	Crewkerne & Ilminster Bid 1 - Adaptations	Local restructure of the education system.	New Bid	1,500,000	700,000	1,300,000	<b>3,500,000</b>
C21-032	Early Years - Basic Need	Two projects (Keinton Mandeville and Hamp Bridgwater) to meet increased demand for statutory childcare places within Somerset.	New Bid	530,000	545,600	0	<b>1,075,600</b>
C21-034	Children's DFG Top Up	Top Up Funding for Disabled Facilities Grant funded projects.	New Bid	50,000	0	0	<b>50,000</b>
<b>Children's Services Total</b>				<b>11,087,800</b>	<b>6,899,900</b>	<b>3,322,100</b>	<b>21,309,800</b>

**Economic & Community Infrastructure**

Bid Reference	Scheme	Description	Status	2021/22 £	2022/23 £	2023/24 £	Programme Total £
C20-009	Major Road Network Schemes Development	Funding for initial development costs of three Major Schemes in the pipeline: 1. M5 J22/ Edithmead Junction & minor safety works on the A38; 2. Ashcott/ Walton Bypass.	Indicatively Approved in 2020/21	200,000	200,000	0	400,000
C20-011	Traffic Signals Recovery Programme	Upgrading ageing Traffic controls countywide. High risk H&S.	Indicatively Approved in 2020/21	3,000,000	5,000,000	0	8,000,000
C20-012	Highway Lighting - Basic Need	To replace life expired street lighting with new LED Technology	Indicatively Approved in 2020/21	550,000	550,000	0	1,100,000
C20-013	Rights of Way - Basic Need	Upgrade of bridges, stiles and gates on the countywide Public Rights of Way network	Indicatively Approved in 2020/21	0	1,185,000	0	1,185,000
C20-014	Fleet Vehicle Replacement Programme	8 Year programme upgrade of Minibuses and high use cars and vans.	Indicatively Approved in 2020/21	789,000	1,148,440	0	1,937,440
C20-015	Fleet Gritter Replacement Programme	Upgrade of 4 end of life Gritters with new vehicles in 2022/23.	Indicatively Approved in 2020/21	0	472,000	0	472,000
C21-001	Corporate Building Condition Programme	Address poor building condition across the corporate estate.	New Bid	548,200	365,500	0	913,700
C21-002	Corporate Property Asset Optimisation	This scheme is to enable investment to make full and effective use of SCC's land and buildings and to release capital receipts or revenue savings, for example by undertaking alterations to make spaces multi-functional and usable by a variety of potential service users as well as creating the opportunity to consolidate our estate or replace assets that are no longer fit for purpose with more sustainable alternatives.	New Bid	476,000	119,000	0	595,000
C21-003	Minehead Library - Energy Beacon site	Opportunity to ensure that the project also includes improvements to reduce the building's carbon footprint and make it an energy beacon.	New Bid	80,000	80,000	0	160,000
C21-004	Bridgwater Library - Energy Efficiency Improvements	Opportunity to ensure that the project also includes improvements to reduce the building's carbon footprint and make it an energy beacon.	New Bid	160,000	40,000	0	200,000
C21-005	Energy Generation Projects (Invest to Save)	This is an invest to save bid which would also contribute significantly to SCC's aspiration to become carbon neutral by 2030. There is opportunity to make use of SCC owned land to invest in energy generation projects.	New Bid	2,855,200	231,000	0	3,086,200

C21-006	Smart Metering Technology	This scheme is to install sub-metering and Automatic Meter Reading (AMR) technology at County Hall and other Corporate sites. The scheme will enable real-time logging and viewing of energy usage data on the Energy Team's energy management database, an essential foundation for improved energy management and the development of energy reduction schemes.	New Bid	50,000	0	0	<b>50,000</b>
C21-007	Invest to Save Fund for Property Energy Efficiency Measures	Following Somerset County Council's declaration of a climate emergency and goal of reaching carbon neutrality by 2030, this proposal is to establish a capital investment fund that can be used to increase the energy efficiency of the corporate SCC property estate. This proposal will enable the installation of modern, energy efficient technologies to replace dated, inefficient technologies. Such measures will reduce energy costs, delivering savings which will be used to repay and re-build the fund over time, enabling further investment.	New Bid	160,000	40,000	0	<b>200,000</b>
C21-017	Ec Dev - Business Growth Fund	The Business Growth Fund particularly focuses on enabling the delivery of small scale workspace for start-up and young 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 fund enables SCC to plan and implement a rolling programme of investment in workspace and the commitments required for the first three years of this bid are necessary to deliver planned commitments in Bruton, Chard and Wellington, in the process enabling at least equivalent external funds to be leveraged from the LEP, EU and other sources in addition to the SCC contribution.	New Bid	1,600,000	0	0	<b>1,600,000</b>
C21-018	Highways - Small Improvement Schemes	Local Transport Small Improvement Schemes is a programme of schemes put forward by local members. The allocation of funds for small improvement schemes enables us to continue to improve highway safety and accessibility in local communities across Somerset, and address community concerns.	New Bid	1,000,000	0	0	<b>1,000,000</b>
C21-019	Highways - Safety Schemes	The schemes deliver accident and casualty reduction benefits which also can be quantified as an economic benefit, particularly those generated through the Road Safety Team as a result of their review of collision sites. In previous years, the budget for the SIS programme funded both member and officer schemes.	New Bid	1,250,000	0	0	<b>1,250,000</b>
C21-020	Highways - Basic Need	The highway network (circa 6,700km) 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. As Highway Authority we have a duty under the Highways Act 1980 to maintain the highway network.	New Bid	21,406,000	0	0	<b>21,406,000</b>



C21-021	Highways - Walking and Cycling	There has been a significant rise in interest and use of walking and cycling during the Covid-19 emergency. We expect that these funds will be made available through a competitive bidding process and would enable delivery of larger capital schemes, with our own capital bid being deployed in support of smaller, local schemes.	New Bid	1,500,000	0	0	1,500,000
C21-022	Highways - Traffic Signals LED Retro-Fit (Invest to Save)	To replace incandescent lamps with LED's on Traffic Signals. The incandescent lamps are being discontinued from 2023 so will no longer be an option and availability of these lamps will diminish or cease.	New Bid	500,000	250,000	0	750,000
C21-023	Library Service - Core Library Network short life asset renewal	As part of the long term strategy for Libraries, and recognising the lack of investment in library buildings over many years, a rolling programme of investment is needed to ensure these public spaces are well maintained and provide a clean, welcoming environment for all visitors.	New Bid	50,000	0	0	50,000
C21-024	Transporting Somerset - Trapeze System Replacement	Replacement IT System for the current Trapeze model (Individual Transport). Possibly look to incorporate with a School Transport system (currently Capita).	New Bid	100,000	0	0	100,000
C21-025 C21-026	Heritage - Conservation, Management, and Enhancement	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.	New Bid	55,000	0	0	55,000
<b>Economic &amp; Community Infrastructure Total</b>				<b>36,329,400</b>	<b>9,680,940</b>	<b>0</b>	<b>46,010,340</b>

#### Corporate Affairs

Bid Reference	Scheme	Description	Status	2021/22 £	2022/23 £	2023/24 £	Programme Total £
C20-001	ICT Transformation	1. Continued Hardware & Infrastructure Refresh; 2. Core Systems Replacements; 3. Transforming Services.	Indicatively Approved in 2020/21	2,750,000	450,000	0	3,200,000
C20-002	ICT - Library Service Equipment & Services	ICT Improvements in line with current contract end dates: a) Upgrade of self-service technology; b) Upgrade of Library Management System; c) Upgrade of People's Network public access computer booking solution and Wi-Fi access solution.	Indicatively Approved in 2020/21	135,000	142,550	0	277,550
<b>Corporate Affairs Total</b>				<b>2,885,000</b>	<b>592,550</b>	<b>0</b>	<b>3,477,550</b>

<b>Programme Total</b>				<b>52,418,200</b>	<b>18,173,390</b>	<b>3,322,100</b>	<b>73,913,690</b>
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Directorate	Service Area	Current Capital Budget	2021/22 MTFP Proposal	Total Budget	Forecast Expenditure				Total Expenditure	Projected Over/ (Under)
					2021/22	2022/23	2023/24	2024/25 >		
Adult Services	Adult Social Care	94,300	3,116,000	3,210,300	2,116,000	1,000,000	0	0	3,116,000	-94,300
	Learning Disabilities	114,700	0	114,700	61,000	53,600	0	0	114,600	-100
<b>Adult Services Total</b>		<b>209,000</b>	<b>3,116,000</b>	<b>3,325,000</b>	<b>2,177,000</b>	<b>1,053,600</b>	<b>0</b>	<b>0</b>	<b>3,230,600</b>	<b>-94,400</b>

Directorate	Service Area	Current Capital Budget	2021/22 MTFP Proposal	Total Budget	Forecast Expenditure				Total Expenditure	Projected Over/ (Under)
					2021/22	2022/23	2023/24	2024/25 >		
Children's Services	Children's Residential	384,900	3,000,000	3,384,900	3,102,600	94,100	94,100	94,100	3,384,900	0
	Children Looked After	31,600	50,000	81,600	57,900	7,900	7,900	7,900	81,600	0
	Special Educational Needs	39,800	2,300,000	2,339,800	939,800	1,400,000	0	0	2,339,800	0
	Schools Access	1,801,800	0	1,801,800	688,300	621,100	442,500	50,000	1,801,900	100
	Community Services	251,400	0	251,400	162,800	0	0	0	162,800	-88,600
	Early Years	758,400	1,075,600	1,834,000	866,300	639,600	0	328,100	1,834,000	0
	Schools Services	53,641,100	14,884,200	68,525,300	35,082,000	25,081,400	7,182,700	1,370,300	68,716,400	191,100
<b>Children's Services Total</b>		<b>56,909,000</b>	<b>21,309,800</b>	<b>78,218,800</b>	<b>40,899,700</b>	<b>27,844,100</b>	<b>7,727,200</b>	<b>1,850,400</b>	<b>78,321,400</b>	<b>102,600</b>

Directorate	Service Area	Current Capital Budget	2021/22 MTFP Proposal	Total Budget	Forecast Expenditure				Total Expenditure	Projected Over/ (Under)
					2021/22	2022/23	2023/24	2024/25 >		
Economic & Community Infrastructure	Heritage	54,900	55,000	109,900	109,900	0	0	0	109,900	0
	Libraries	880,400	50,000	930,400	606,000	313,400	0	0	919,400	-11,000
	Property Services	5,578,300	5,204,900	10,783,200	7,351,300	2,811,000	588,900	0	10,751,200	-32,000
	Economic Development	42,193,200	1,600,000	43,793,200	19,717,000	14,544,000	7,500,000	2,093,100	43,854,100	60,900
	Highway Engineering Projects	9,031,400	400,000	9,431,400	7,951,000	1,606,800	100,000	0	9,657,800	226,400
	Bridge Structures	738,900	0	738,900	612,900	0	0	0	612,900	-126,000
	Road Structures	14,375,600	22,906,000	37,281,600	34,940,000	2,343,000	0	0	37,283,000	1,400
	Traffic Control	1,066,200	8,750,000	9,816,200	4,566,200	5,250,000	0	0	9,816,200	0
	Traffic Management	0	0	0	0	0	0	0	0	0
	Integrated Transport	2,823,400	2,250,000	5,073,400	4,947,400	0	0	0	4,947,400	-126,000
	Highway Lighting	0	1,100,000	1,100,000	550,000	550,000	0	0	1,100,000	0
	Transporting Somerset & Fleet	115,000	2,509,440	2,624,440	889,000	1,620,440	0	0	2,509,440	-115,000
	Countryside & AONBs	117,900	0	117,900	4,000	0	0	0	4,000	-113,900
	Rights of Way	1,275,000	1,185,000	2,460,000	1,275,000	1,185,000	0	0	2,460,000	0
	Waste Partnership	4,092,200	0	4,092,200	379,400	0	0	0	379,400	-3,712,800
<b>Economic &amp; Community Infrastructure Total</b>		<b>82,342,400</b>	<b>46,010,340</b>	<b>128,352,740</b>	<b>83,899,100</b>	<b>30,223,640</b>	<b>8,188,900</b>	<b>2,093,100</b>	<b>124,404,740</b>	<b>-3,948,000</b>

					Forecast Expenditure					
Directorate	Service Area	Current Capital Budget	2021/22 MTFP Proposal	Total Budget	2021/22	2022/23	2023/24	2024/25 >	Total Expenditure	Projected Over/ (Under)
Corporate Affairs	ICT and Innovation	11,000	3,477,550	3,488,550	2,885,000	592,550	0	0	3,477,550	-11,000
<b>Corporate Affairs Total</b>		<b>11,000</b>	<b>3,477,550</b>	<b>3,488,550</b>	<b>2,885,000</b>	<b>592,550</b>	<b>0</b>	<b>0</b>	<b>3,477,550</b>	<b>-11,000</b>

					Forecast Expenditure					
Directorate	Service Area	Current Capital Budget	2021/22 MTFP Proposal	Total Budget	2021/22	2022/23	2023/24	2024/25 >	Total Expenditure	Projected Over/ (Under)
Accountable Bodies	Local Enterprise Partnership	22,276,700	0	22,276,700	22,276,700	0	0	0	22,276,700	0
	Somerset Rivers Authority	0	0	0	0	0	0	0	0	0
<b>Accountable Bodies Total</b>		<b>22,276,700</b>	<b>0</b>	<b>22,276,700</b>	<b>22,276,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,276,700</b>	<b>0</b>

					Forecast Expenditure					
		Current Capital Budget	2021/22 MTFP Proposal	Total Budget	2021/22	2022/23	2023/24	2024/25 >	Total Expenditure	Projected Over/ (Under)
<b>Capital Programme Total</b>		<b>161,748,100</b>	<b>73,913,690</b>	<b>235,661,790</b>	<b>152,137,500</b>	<b>59,713,890</b>	<b>15,916,100</b>	<b>3,943,500</b>	<b>231,710,990</b>	<b>-3,950,800</b>

NB: 2021/22 MTFP allocation against Road Structures is subject to a key decision to determine the value to be allocated to Bridge Structures and Minor Traffic Management.

## Minimum Revenue Provision Statement 2021/22

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

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

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

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

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

<b>ASSET CLASS</b>	<b>MAXIMUM UEL</b>
Freehold Land	999 years
Freehold Buildings	99 years (dependant on specific-asset information provided by the Council's RICS qualified valuation team)
Leased Land	Length of lease term or asset UEL, whichever is lower
Leased Buildings	Length of lease term or asset UEL, whichever is lower
Plant & Equipment (owned)	10 years
Plant & Equipment (leased)	Length of lease term or asset UEL, whichever is lower
IT	7 years
Intangible (software licences)	Length of licence term
Vehicles	8 years
Infrastructure	64 years
Heritage	999 years
Assets Held for Sale	Dependant on the asset class prior to being reclassified as held for sale

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

for this element of the CFR on an asset by asset basis – having considered the useful economic lives in the table above.

Paragraph 40 of the statutory guidance suggests that the MRP should normally commence in the financial year following the one in which the expenditure was incurred; so capital expenditure incurred during 2021/22 will not be subject to a MRP charge until 2022/23.

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

Paragraph 14 of the statutory guidance identifies a concern over an authorities' ability to fully provide for its debt based on current levels of MRP. As relying on continuing access to PWLB to repay debt when it falls due does not represent a prudent approach, we are continuing to make an additional MRP payment, to date £2.4m, over and above the MRP charge identified in point 1. This additional amount is planned to ensure we have enough put aside to meet the repayment dates of existing debt instruments when they fall due. This has been confirmed by a detailed review of the current debt maturity profile. We will continue to monitor the MRP and repayment profile of the Council's debt instruments, and if future borrowing creates a potential shortfall, we will increase the additional MRP accordingly to ensure significant provision is put aside.

Based on the Authority's estimated Capital Financing Requirement on 31st March 2021, the budget for 2021/22 MRP has been set as follows:

	<b>2021/22 MRP £m</b>	<b>Estimated 31.03.2021 CFR £m</b>
<u>Capital Expenditure</u>		
Capital expenditure before 01.04.2018	1.039	-
Capital expenditure occurred 2018/19 to 2019/20	1.384	-
Capital expenditure estimated for 2020/21	2.448	
<b>Total/</b>	<b>4.871</b>	<b>471.778</b>

NOTE - The local authority adoption of the new accounting standard issued for accounting of leases has been deferred to 1<sup>st</sup> April 2022. In summary, any lease greater than one year shall be brought onto the balance sheet with the asset and its associated liability being reported. The principal repayments will equate to additional MRP with the funding impact coming from already budgeted rental payments within services revenue allocations.

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# Paper B

County Council  
17 February 2021

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## **Treasury Management Strategy Statement 2021-22**

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

Local Member(s) and Division: All

Lead Officer: Jason Vaughan – Director of Finance (Section 151 Officer)

Author: Alan Sanford – Principal Investment Officer

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### **1. Summary / Background**

- 1.1.** The Council recognises that effective treasury management underpins the achievement of its business and service objectives and is essential for maintaining a sound financial reputation. It is therefore committed to driving value from all of its treasury management activities and to employing suitable performance measurement techniques, within the context of effective risk management.

This report brings together the requirements of the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services Code of Practice Revised 2017 Edition (CIPFA TM Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities: Revised 2017 Edition (CIPFA Prudential Code). Whilst most of the requirements of the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance are no longer relevant to Treasury Management Investments (it now overwhelmingly refers to non-treasury investments), it does adhere to MHCLG guidance to prioritise Security, Liquidity and Yield, in that order.

The Council currently holds £324.55m of debt as part of its strategy for funding previous years' capital programmes. Of this, £159.05m is Public Works Loan Board (PWLB) debt, £108m is Lender Option Borrower Option (LOBO) debt, and a further £57.5m of fixed rate bank loans. As at 31<sup>st</sup> December 2020 the average rate paid on all debt was 4.66%.

Investment balances for 2020-21 to the 31st December 2020 have ranged between £162m to £278m, averaging £232m. These balances include just under £68m of cash held on behalf of other entities, and £60m as at 31st December 2020 being held on behalf of others where the Council is the accountable/administering body. An average rate of 0.73% has been achieved, yielding income in excess of £1.27m. Within this figure £25m is invested in Pooled Funds, £15m with the Churches, Charities, Local Authorities (CCLA) Property Fund, and £10m with a Royal London Bond Fund.

## **2. Recommendations**

### **2.1.** The Cabinet agree and recommend to Council:

- To adopt the Treasury Borrowing Strategy (as shown in Section 2 of the report).
- To approve the Treasury Investment Strategy (as shown in Section 3 of the report) and proposed Lending Counterparty Criteria (attached at **Appendix B** to the report).
- To adopt the Prudential Treasury Indicators in section 4.

## **3. Reasons for recommendations**

**3.1** Under new CIPFA guidance the Treasury Management Strategy (TMS) can be delegated to a committee of the Council under certain conditions. However, it is seen as a key element of the overall Capital Strategy and as that must be presented to the Full Council, it is regarded as appropriate that the TMS should be part of that process.

## **4. Other options considered**

**4.1.** None. The adoption of the TMS is a regulatory requirement.

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

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

## **6. Consultations and co-production**

**6.1.** None. The adoption of the TMS is a regulatory requirement.

## **7. Financial and Risk Implications**

**7.1.** The budget for investment income in 2021-22 is £1.196m, based on an average investment portfolio of £140m at an average return of 0.6% (these figures are net of balances held on behalf of external investors i.e. the Local Enterprise Partnership). The budget for debt interest paid in 2021-22 is £15.92m, based on an average debt portfolio of £447.188m at an average interest rate of 3.737%. If actual levels of investments or borrowing, or actual interest rates, differ from the forecast, performance against budget will be correspondingly different.

**7.2.** The TMS is the Council's document that sets out strategy and proposed activities to conduct Treasury Management activity while mitigating risks. Appendix D (approved at Cabinet on 8 February), the Treasury Management Practices document gives detailed explanation of the policies and procedures specifically used in treasury risk management.

## **8. Legal and HR Implications**

- 8.1.** Treasury Management must operate within specified legal and regulatory parameters as set out in the summary, and in more detail in the TMPs.
- 8.2.** There are no HR implications.

## **9. Other Implications**

### **9.1. Equalities Implications**

There are no equalities implications..

### **9.2. Community Safety Implications**

There are no community safety implications.

### **9.3. Sustainability Implications**

There are no sustainability implications.

### **9.4. Health and Safety Implications**

There are no health and safety implications.

### **9.5. Health and Wellbeing Implications**

There are no health and wellbeing implications.

### **9.6. Social Value**

Not applicable

## **10. Scrutiny comments / recommendations:**

- 10.1.** The Audit Committee is the body responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **11 Introduction and Background**

Treasury management is the management of the Council's cash flows, borrowing and treasury investments, and the associated risks. The Council has significant debt and treasury investment portfolios and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Investments held for service purposes or for commercial profit, collectively referred to as non-treasury investments, are considered in a separate report, the Investment Strategy.

Treasury risk management at the Council is conducted within the framework of the CIPFA Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Non-treasury investments are substantially covered by the 2018 Revised MCHLG guidance in the separate Investment Strategy.

Under Section 3 of the LGA 2003 (duty to determine affordable borrowing limit), a Local Council must have regard to the CIPFA Prudential Code. This code requires the setting of a number of Prudential Indicators, benchmarks within which Treasury and Investment Management, and Capital Financing are managed. The setting of Prudential Indicators for Treasury Management requires Authorities to recognise key implications of their borrowing and investment strategies. These relate to the affordability of overall borrowing limits, the maturity structure of borrowing, and longer-term investments.

In formulating the Treasury Management Strategy, and the setting of Prudential Indicators, Somerset County Council (SCC) adopts the Treasury Management Framework and Policy recommended by CIPFA. These can be found in **Appendix A**.

The current TMPs are attached for information as **Appendix D** to this report and set out the main categories of risk that may impact on the achievement of Treasury Management objectives. No treasury management activity is without risk. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its treasury management activities will be measured. The main risks to the Council's treasury activities are:

- Credit and Counterparty Risk (security of investments)
- Liquidity Risk (inadequate cash resources)
- Market or Interest Rate Risk (fluctuations in price / interest rate levels)
- Refinancing Risk (impact of debt maturing in future years)
- Legal & Regulatory Risk.

The schedules to the TMPs provide details of how those risks are actively managed.

### **External Context**

The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021-22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink 2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP growth reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

An economic and interest rate forecast provided by Arlingclose is attached at **Appendix C**.

### Internal Context

As at 31st December 2020 the external long-term debt portfolio of SCC stood at just over £324m as in **table 1** below.

**Table 1 – Debt Portfolio**

	<b>Balance on 31-03-2020</b>	<b>Debt Matured / Repaid</b>	<b>New Borrowing</b>	<b>Balance on 31-12-2020</b>	<b>Increase/ Decrease in Borrowing</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Short Term Borrowing	0.00	0.00	0.00	0.00	0.00
PWLB	159.05	0.00	0.00	159.05	0.00
LOBOs	108.00	0.00	0.00	108.00	0.00
Fixed Rate Loans	57.50	0.00	0.00	57.50	0.00
<b>Total Borrowing</b>	<b>324.55</b>	<b>0.00</b>	<b>0.00</b>	<b>324.55</b>	<b>0.00</b>

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while useable reserves and working capital are the underlying resources available for investment.

Statutory guidance is that debt should remain below the CFR, except in the short-term. The Council expects to comply with this in the medium term.

The investment portfolio set out in **Tables 2-4** below, at the same time stood at just under £248m, although just under £68m was cash held on behalf of other entities, with £60m as at 31<sup>st</sup> December 2020 being held on behalf of others where SCC is the accountable / administering body.

**Table 2 – Investments as at 31<sup>st</sup> December 2020**

	<b>Balance as at 31-03-2020 £m</b>	<b>Rate of Return at 31-3-2020 %</b>	<b>Balance as at 31-12- 2020 £m</b>	<b>Rate of Return at 31-12-2020 %</b>
Short-Term Balances (Variable)	42.09	0.54	62.91	0.05
Comfund (Fixed)	127.00	0.90	160.00	0.45
Pooled Funds	15.00	4.63	25.00	2.76
<b>Total Lending</b>	<b>184.09</b>	<b>1.12</b>	<b>247.91</b>	<b>0.58</b>

**Table 3 - Investment balances by type**

	<b>31 March 2020 £m</b>	<b>31 December 2020 £m</b>	<b>Change</b>
Money Market Funds	27.09	17.91	-9.18
Notice Bank Accounts	75.00	65.00	-10.00
Time Deposits - Banks	25.00	10.00	-15.00
Time Deposits - LAs	42.00	130.00	+88.00
Pooled Funds	15.00	25.00	+10.00
<b>Total Lending</b>	<b>184.09</b>	<b>247.91</b>	<b>+63.82</b>

**Table 4 - Breakdown of investment balances by source**

	<b>31 March 2020 £m</b>	<b>31 December 2020 £m</b>	<b>Change</b>	In <b>tabl e 5</b> belo w, as sho wn in the Cap ital Stra tegy , the 'Ass
ENPA / SWC	-0.04	0.23	+0.27	
Organisations in the Comfund	7.40	7.36	-0.04	
LEP – Growth Deal Grant	15.77	48.71	+32.94	
Earmarked Revenue Reserves – Held as Accountable Body	13.15	11.29	-1.86	
<b>Total Externals</b>	<b>36.23</b>	<b>67.59</b>	<b>+31.36</b>	
SCC	147.86	180.32	+32.46	
<b>Total</b>	<b>184.09</b>	<b>247.91</b>	<b>+63.82</b>	

umed debt not yet taken' row indicates that £90.4m of new borrowing could be needed by the end of March 2022. Timings of actual capital expenditure linked to the capital plan are not totally predictable. By continuing the passive borrowing strategy currently pursued, and with additional funding currently being held, external borrowing will be minimised, and as in 2020-21, may not be necessary at all.

**Table 5 - External Debt and the Capital Financing Requirement**



	<b>31.3.2020 actual £m</b>	<b>31.3.2021 forecast £m</b>	<b>31.3.2022 budget £m</b>	<b>31.3.2023 budget £m</b>	<b>31.3.2024 budget £m</b>
Short term debt	7.395	10.000	10.000	10.000	10.000
Long term debt *	332.176	330.270	328.967	323.796	311.794
Assumed debt not yet taken	0.000	0.000	90.370	125.370	145.370
PFI & leases	41.972	42.533	39.872	38.676	37.364
Total external borrowing	<b>381.543</b>	<b>382.803</b>	<b>469.209</b>	<b>497.842</b>	<b>504.529</b>
Capital Financing Requirement	<b>422.144</b>	<b>471.228</b>	<b>517.808</b>	<b>548.585</b>	<b>545.871</b>

\*Reduces for Minimum Revenue Provision (MRP) & debt repayment

SCC has a projected cash income in excess of £700m for 2021-22.

These factors represent significant cash flow, and debt and investment portfolio management for the Council's Officers. In the current financial and economic environment and taking into account potential influencing factors, it is imperative that the Council has strategies and policies in place to manage flows and balances effectively. The strategies and policies herein state the objectives of Treasury Management for the year and set out the framework to mitigate the risks to successfully achieve those objectives.

## **12 Borrowing Strategy**

The Council's need to borrow for capital purposes is determined by the capital programme. Council Members are aware of the major projects identified by the 4-year capital medium-term financial plan (MTFP). The Council currently holds £324.55m of loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in the table above shows that the Council may have a need to borrow up to £90.4m by the end of 2021-22.

A continuation of the passive borrowing strategy currently pursued is deemed most prudent, primarily reducing cash balances as capital spend is actually incurred before taking any borrowing. By doing this, and with additional funding currently being held, external borrowing will be minimised, and as in 2020-21, may not be necessary at all.

In reality, not all proposed expenditure will be incurred during 2021-22, as some projects may not even get started, and others may span more than 1 year. Also, historically, there has been significant 'slippage' in the capital programme, and it is likely the COVID-19 crisis will increase the chances of this through 2021-22.

**Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

The Council will adhere to MHCLG guidance, which states "Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed".

**Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short to medium-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short to medium-term loans instead, i.e. from Local Authorities for 1-3 years, or from the Public Works Loan Board (PWLB) for 5-20 years.

By doing so, the Council can reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal or short to medium-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021-22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised most of its long-term borrowing from the PWLB or via LOBOs with banks. Current policy is not to take further LOBO loans. After the 1% rise in PWLB rates in October 2019, HM Treasury, after a lengthy consultation, reversed the rise, but stated that PWLB loans would no longer be available to local authorities planning to buy investment assets primarily for yield. SCC intends to avoid this activity in order to retain its access to PWLB loans. The Council will continue to assess alternatives to borrowing long-term loans from other sources including banks, pension funds and local authorities, and may wish to investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

The Council may also arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

The use of Call Accounts and Money Market Funds (MMFs) will continue for short-term liquidity; However, it may be appropriate and/or necessary to borrow short-term (1 week to 3 months) to cover cash flow fluctuations. Where this is deemed advantageous, short-term funds will be obtained from the money market using the services of a panel of money market brokers.

**Sources of borrowing:** Approved sources of borrowing are cited in the TMPs. Since PWLB rates were reduced in December 2020, commercial lenders' offerings are less attractive than previously, but this option will still be sought and considered. It is envisaged that any new borrowing will be in the short to medium-term periods (up to 25 years), as this is most compatible with the current maturity profile. Interest rates for these maturities are expected to remain lowest as the continued economic uncertainty necessitates lower interest rates for longer. A smaller amount of longer-dated borrowing may also be deemed appropriate when considering the overall portfolio.

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 (1-3 years) from other Local Authorities.

No new borrowing will be in the form of LOBOs. SCC will continue with the current policy not to accept any option to pay a higher rate of interest on its' LOBO loans and will exercise its own option to repay the loan should a lender exercise an option. SCC will also investigate opportunities to repay where a lender is looking to exit the LOBO by selling the loan. This would be undertaken in conjunction with our treasury advisors. SCC may utilise cash resources for repayment or may consider replacing any loan(s) by borrowing from other sources. Depending on prevailing rates and the amount to be repaid, new loans might be taken over a number of maturities. The 'Maturity Structure of Borrowing' indicators have been set to allow for this contingency strategy.

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. Officers continually monitor repayment rates and calculate premiums to identify opportunities to repay or reschedule PWLB loans.

### **13 Investment Strategy**

In 2018, the MHCLG issued revised Statutory Guidance on Local Government Investments (3rd Edition). It states *"Investments made by local authorities can be classified into one of two main categories:*

- *Investments held for treasury management purposes; and*
- *Other investments.*

*“Where local authorities hold treasury management investments, they should apply the principles set out in the Treasury Management Code. They should disclose that the contribution that these investments make to the objectives of the local authority is to support effective treasury management activities. The only other element of this Guidance that applies to treasury management investments is the requirement to prioritise Security, Liquidity and Yield in that order of importance”.*

The changes made to the 3rd edition of this Guidance reflect changes in patterns of local authority behaviour. Some local authorities are investing in non-financial assets, with the primary aim of generating profit. Others are entering very long-term investments or providing loans to local enterprises or third sector entities as part of regeneration or economic growth projects that are in line with their wider role for regeneration and place making.

In addition, the National Audit Office and the Public Accounts Committee have raised a number of concerns about local authority behaviour that this guidance aims to address. These are:

- Local authorities are exposing themselves to too much financial risk through borrowing and investment decisions;
- There is not enough transparency to understand the exposure that local authorities have as a result of borrowing and investment decisions; and
- Members do not always have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.

This strategy applies only to investments held for treasury purposes. Any non-treasury investments are dealt with in a separate Investment Strategy (separate agenda item). The Council’s treasury investments can be divided into two areas. Money that is invested to help smooth anticipated monthly cash flow movements, and funds which have been identified as not being immediately required (core balances), which can be invested over a longer timeframe. Total balances for 2020-21 to the end of December 2020 have ranged between £162m to £278m, averaging £232m to the 31<sup>st</sup> December 2020. These balances include just under £68m of cash held on behalf of other entities, £60m as at 31<sup>st</sup> December 2020 being held on behalf of others where the council is the accountable/administering body.

If a passive borrowing strategy is adopted, i.e. internal borrowing to fund capital expenditure, investment levels will decrease. If Arlingclose’s ‘cost of carry’ and breakeven analysis determines that the Council borrows additional sums at medium-term fixed rates in 2021-22 with a view to keeping future interest costs low, investment balances could possibly be higher.

**Objectives:** The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where

balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

**Negative interest rates:** Under current economic scenarios, there is an increased chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. Short-term UK Gilts (1-5 years) and Treasury Bills have returned a negative yield for some time now, and many banks are offering minimal or a zero rate of interest at present. In these circumstances, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Strategy:** The Council as at 31<sup>st</sup> December 2020 has £248m of investments (£180m net of external bodies), of which the £25m invested in Pooled Funds (£15m CCLA Property Fund and £10m Royal London Investment Grade Short-dated Credit Fund) is for a period longer than 13 months. Given that the Council holds balances and reserves that are by their nature more strategic and longer-term, it seems appropriate to mitigate the risk of existing and forecast low (negative in real terms) interest rates, and risks posed by unsecured bank deposits, by more closely matching longer-term strategic investments to longer-term strategic balances held. The Council therefore aims to further diversify into more secure and/or higher yielding asset classes during 2021-22. This diversification will continue the strategy implemented in 2020-21 and originally endorsed by the Cabinet on 18<sup>th</sup> December 2019. Whilst a definitive figure has yet to be identified for allocation to longer-term investments, the Director of Finance (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.

**Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Implementation:** The Section 151 Officer (Director of Finance) under delegated powers will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. The Director of Finance in turn delegates responsibility for implementing policy to Treasury Management Officers. This is done by using only the agreed investment instruments, and credit criteria below and in **appendix B**. As is current procedure, the use of a new instrument or counterparty would be proposed in conjunction with the Council's Treasury Advisors, Arlingclose and specifically authorised by the Section 151 Officer (Director of Finance).

**Approved Investments:** The list below shows currently approved instruments, with a brief description of current and potential investment instrument characteristics underneath.

- Business Reserve Accounts and term deposits.
- Deposits with other Local Authorities.
- Low Volatility Net Asset Value (LVNAV) Money Market Funds
- The Debt Management Office (DMO)
- Variable Net Asset Value (VNAV) Money Market Funds.
- Gilts and Treasury Bills.
- Certificates of Deposit with Banks and Building Societies
- Commercial Paper
- Use of any public or private sector organisation that meets the creditworthiness criteria rather than just banks and building societies.
- Building Societies – Including unrated Societies with better creditworthiness than their credit rated peers.
- Corporate Bonds – Can offer access to high credit rated counterparties, such as utility, supermarket, and infrastructure companies.
- Covered Bonds and Reverse Repurchase Agreements (Repos) present an opportunity to invest short-term with banks on a secured basis and hence be exempt from bail-in
- Pooled Funds. These funds allow the Council to diversify into asset classes other than those above, 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, Equity Funds, or Property Funds for at least 3-5 years.

**Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

**Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

**Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Pooled Funds:** Shares or units in diversified investment vehicles. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into other asset classes without the need to own and manage the underlying investments.

Pooled funds would be the likely vehicles to diversify into more longer-term strategic investments but pose risks to both Security (of market value of investment), and to Liquidity of SCC investments. Because the value of pooled fund investments is subject to market fluctuations, there is a possibility that at any given time, the value of the Council's investment could be less than the original sum. However, there would be no realised loss until such time as the investment was sold. Currently there is a statutory override on accounting treatment that means nominal market losses at year-end do not need to be taken through the Income and Expenditure account if certain criteria are met. This might not always be the case in the future.

This risk is mitigated by taking a longer-term view of any investment, initially at least for 3 to 5-years. This would help to smooth any volatility in market values. Current accounting treatment (runs until 31<sup>st</sup> March 2023) may mitigate the reputational risk of reporting a loss in the I & E, as a 'Pooled Funds Adjustment Account' reserve will hold any unrealised losses (or gains) in capital value.

As Pooled Funds become a greater part of the overall portfolio, investments would be diversified among asset classes so that risks to any specific asset class would be limited.

Liquidity risk—Typically, Pooled Funds are extremely liquid, but by mitigating the risk of capital loss (by having to sell at a price lower than the initial sum invested), Investment would potentially lock away capital for 3 to 5-years plus. The Section 151 Officer will

mitigate liquidity risk by determining the level of prudent investment, with reference to the level of core balances and reserves, commensurate with that timeframe.

Upside risk is that income returns are positive and significantly above today's cash investment rates. There may also be potential for capital growth.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

**Approved counterparties – Credit Rated:** SCC maintains a restricted list of financial institutions to be used as counterparties, and in accordance with the credit criteria set out in appendix B. Any proposed additions to the list must be approved by the Section 151 Officer (Director of Finance).

**Approved counterparties – Non-Credit Rated:** As investment decisions are never made solely based on credit ratings, and some institutions may not have ratings at all, account will be taken of any relevant credit criteria in appendix B, and any other relevant factors including advice from our treasury advisors for the approval of individual institutions. Again, this will be specifically authorised by the Section 151 Officer (Director of Finance).

**Credit rating:** SCC has constructed and will maintain a counterparty list based on the criteria set out in **Appendix B**. The minimum credit quality is proposed to be set at A- or equivalent. The credit standing of institutions (and issues if used) will be monitored and updated on a regular basis.

The Council will continuously monitor counterparties creditworthiness. All three credit rating agencies' websites will be visited frequently, and all ratings of proposed counterparties will be subject to verification on the day of investment (MHCLG guidance states that a credit rating agency is one of Standard & Poor's, Moody's Investor Services Ltd, and Fitch Ratings Ltd). All ratings of currently used counterparties will be reported to the monthly treasury management meeting, where proposals for any new counterparties will be discussed. New counterparties must be approved by the Section 151 Officer (Director of Finance) before they are used. Any changes to ratings that put the counterparty below the minimum acceptable credit quality whilst we have a deposit, or a marketable instrument will be brought to the attention of the Section 151 Officer (Director of Finance) immediately, and an appropriate response decided on a case-by-case basis. Sovereign credit ratings will be monitored and acted on as for financial institution ratings. Investment limits are set by reference to the lowest published long-term credit rating from the three rating agencies mentioned above. Where available, the



credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including those outlined below.

- Credit Default Swaps and Government Bond Spreads.
- GDP and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions, i.e. bail-in.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
- Underlying securities or collateral for 'covered instruments'.
- Other macroeconomic factors

It remains the Council's policy to suspend or remove institutions that still meet criteria, but where any of the factors above give rise to concern. Also, when it is deemed prudent, the duration of deposits placed is shortened or lengthened, depending on counterparty specific metrics, or general investment factors.

The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

**Investment limits:** Investment limits are set out in **appendix B**. In setting criteria in **appendix B**, account is taken of both expected and possible balances, the availability and accessibility of the various instruments to be used, and their security, liquidity, and yield characteristics.

**Liquidity management:** The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

## **14 Prudential and Treasury Management Indicators**

The Council measures and manages its exposures to treasury management risks using the following indicators.

The Authorised Limit and Operational Boundary are Prudential Indicators and are authorised by Full Council as part of the Capital Strategy. They are included here for information only. The 'Maturity Structure of Borrowing', 'Principal sums invested for periods longer than a year', and 'Credit Risk' Indicators are specific Treasury Management Indicators and are to be adopted as per the recommendations set out in this paper.

**Authorised limit and Operational Boundary:** The Council is required to set an authorised limit and an operational boundary for external debt. The authorised limit is the maximum external debt (net of investments) that may be incurred in the specified years. The operational boundary differs from the authorised limit in that it is based on expectations of the maximum external debt according to probable, not all possible events. It is consistent with the maximum level of external debt projected in the Capital Strategy. In order that the preceding borrowing strategy can be carried out, the following Prudential Indicators have been proposed to Council in the Capital Strategy, along with Capital plans and the rationale behind the figures. They are shown again here to give the full picture. (These figures rounded to nearest million)

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Authorised limit			
Borrowing	508	542	556
Other Long-Term Liabilities	53	51	50
Total	561	593	606
Operational boundary			
Borrowing	463	497	511
Other Long-Term Liabilities	45	43	42
Total	508	540	553

**Maturity Structure of Borrowing:** The Council has set for the forthcoming year, both the upper and lower limits with respect to the maturity structure of its borrowing. The calculation is the amount of projected borrowing maturing in each period, expressed as a percentage of the total projected borrowing. CIPFA Code guidance for the 'maturity structure' indicator states that the maturity of LOBO loans should be treated as if their next option date is the maturity date. The 'maturity structure of borrowing' indicators have been set with regard to this, and having given due consideration to proposed new borrowing, current interest rate expectations, and the possibility of rescheduling or prematurely repaying loans outlined in the borrowing strategy. The bands and limits remain as for 2020-21. They are: -

	Upper Limit	Lower Limit
Under 12 months	50%	15%
>12 months and within 24 months	25%	0%
>24 months and within 5 years	25%	0%
>5 years and within 10 years	20%	0%
>10 years and within 20 years	20%	5%
>20 years and within 30 years	20%	0%
>30 years and within 40 years	45%	15%
>40 years and within 50 years	15%	0%
>50 years	5%	0%

**Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

The prime policy objectives of local authority investment activities are the security and liquidity of funds, and authorities should avoid exposing public funds to unnecessary or unquantified risk. Authorities should consider the return on their investments; however, this should not be at the expense of security and liquidity. It is therefore important that authorities adopt an appropriate approach to risk management with regards to their investment activities. As the strategy is looking to diversify more into pooled funds, it is the Council's intention to be invested in these for periods of 3-5 years plus. Therefore, a prudential indicator of £75m is deemed necessary for year 1, with similar levels in years 2 and 3 as the investments are to be retained.

	2021-22	2022-23	2023-24
Prudential Limit for principal sums invested for periods longer than 1 year	£m 75	£m 75	£m 75

The sums indicated in this indicator do not include any investment in non-Treasury Investments covered by a separate Investment Strategy.

**Credit Risk Indicator:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its in-house investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk (in conjunction with Arlingclose) and will be calculated quarterly.

Credit risk indicator	Target
Portfolio average credit rating (score)	A (6.0)

## 15 Other Matters

The CIPFA Code requires the Council to include the following in its treasury management strategy.

**Derivative Instruments:** The code requires that the Council must explicitly state whether it plans to use derivative instruments to manage risks. The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). However, the Council does not intend to use derivatives.

Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require Full Council approval.

**External Service Providers:** The code states that external service providers should be reviewed regularly and that services provided are clearly documented, and that the quality of that service is controlled and understood.

The Council recognises, as per CIPFA guidance, that, "the overall responsibility for treasury management must always remain with the Council". So as not to place undue reliance on treasury advisors and other external services, the council has always sourced its own information, performed its own analysis of market and investment conditions, and the suitability of counterparties. It continues to do so through embedded practices, thereby maintaining the skills of the in-house team to ensure that services provided can be challenged, and that undue reliance is not placed on them.

**Member Training:** All public service organisations should be aware of the growing complexity of treasury management in general, and its application to the public services in particular. Modern treasury management, and particularly non-treasury investments demand appropriate skills.

The new Investment Strategy demands a greater level of understanding and

involvement by members, and that document sets out the specific requirements for that purpose; However, there should still be an appropriate level of skills and understanding applied to the Treasury Management Strategy.

All Council Members receive introductory training, which includes an overview of the treasury management function. Council Officers would be able and willing to provide a more detailed level of training, if Councillors thought that there would be no conflict of interest.

Through contacts with the CIPFA Treasury Management Forum and its independent Treasury Advisors, SCC could also facilitate training via an independent third party. Officers also have contacts within a number of money market brokers and fund managers who could provide training.

As and when needed, information sheets could be prepared and made available to help keep members abreast of current developments.

**Markets in Financial Instruments Directive II (MiFID II):** As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met. This included having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the Council have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved. Each regulated Financial Services firm undertakes a separate assessment with ongoing compliance.

The Council continues to meet the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. As a result, the Council will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

## **16 Background papers**

Local Government Act 2003 – Guidance under section 15(1)(a) 3rd Edition, effective from 1 April 2018.

The CIPFA ‘Treasury Management in the Public Services’ Code of Practice Revised Edition 2017.

CIPFA Prudential Code for Capital Finance in Local Authorities: Revised Edition 2017.

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

## **Report Sign-Off**

		Signed-off
Legal Implications	Honor Clarke	18/01/21
Governance	Scott Wooldridge	18/01/21
Corporate Finance	Jason Vaughan	07/01/21
Human Resources	Chris Squire	18/01/21
Property	Paula Hewitt / Oliver Woodhams	NA
Procurement / ICT	Simon Clifford	25/01/21
Senior Manager	Stephen Morton	04/01/21
Commissioning Development	Sunita Mills / Ryszard Rusinek	NA
Renewal Board		NA
Local Member		NA
Cabinet Member	Cllr Mandy Chilcott - Cabinet Member for Resources	19/01/21
Opposition Spokesperson	Cllr Liz Leyshon	25/01/21
Scrutiny Chair	Cllr Anna Groskop - Place Scrutiny	25/01/21



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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 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.

# Appendix B

## **SCC Lending Counterparty Criteria 2021-22**

The following criteria will be used to manage counterparty risks to Somerset County Council investments for new deposits / investments from the time that the new Treasury Management Strategy is passed by Full Council at its meeting in February 2021.

Please note that the limits in this appendix apply only to Treasury Management Investments, not to those detailed in the Separate Investment Strategy.

Where deposits held were made under previous criteria, there will be no compulsion to terminate those deposits to meet new criteria, where a penalty would be incurred.

### **Deposits**

Any Financial Institution that is authorised by the Prudential Regulation Authority to accept deposits in the UK, or is a UK Building Society can be lent to, subject to the rating criteria below at the time of the deposit.

### **Unrated Building Societies**

Unrated Building Societies as identified by Treasury Advisors can be used, with a maximum of £1m per Society and a maximum maturity of 1 year.

**Marketable Instruments** – Any bank, other organisation, or security whose credit ratings satisfy the criteria below: -

### **Rating of Counterparty or Security**

Deposits or instruments of less than 13 months duration (refer to long-term ratings)

Fitch A- or above

S&P A- or above

Moody's A3 or above

The maximum deposit / investment amount for any authorised counterparty or security that has as a minimum at least two ratings of the three above will be £20m. This is approximately 7.2% of maximum balance, 8.6% of average balance for the year to 31<sup>st</sup> December 2020-21. The % may be significantly less if borrowing up to the CFR is taken early in the year.

The maximum deposit / investment amount for any authorised counterparty or security that has as a minimum - Fitch AA-, S&P AA-, and Moody's Aa3, will be £25m. This is approximately 9.0% of maximum balance, 10.8% of average balance for the year to 31<sup>st</sup> December 2020-21. The % may be significantly less if borrowing up to the CFR is taken early in the year.

Deposits or instruments of more than 13 months duration (refer to long-term ratings)

Fitch AA- or above

S&P AA- or above

Moody's Aa3 or above

The maximum deposit / investment amount for more than 13 months for any authorised counterparty or security that has as a minimum at least two ratings of the three above will be £10m. This figure is to be included in the overall figure above.

The allowed deposit amounts above are the single maximum per counterparty at any one time, and that counterparty or security must be rated as above or better by at least two of the three agencies. Short-term ratings will be monitored and considered in relative rather than absolute terms.

It remains the Council's policy to suspend or remove institutions that still meet criteria, but where any of the other factors below give rise to concern. Also, when it is deemed prudent, the duration of deposits placed is shortened or lengthened, depending on counterparty specific metrics, or general investment factors. Where deposits held were made under previous criteria, there will be no compulsion to terminate those deposits to meet new criteria, where a penalty would be incurred.

**Operational Bank Accounts**

As the Council's current bankers, Nat West are currently within the minimum criteria. If they should fall below criteria, the instant access Call Account facility may still be used for short-term liquidity requirements and business continuity arrangements. This will generally be for smaller balances where it is not viable to send to other counterparties or in the event of unexpected receipts after the daily investment process is complete. Money will be placed in the instant access Nat West call account overnight.

## Public Sector Bodies

Any UK Local Authority or Public Body will have a limit of £15m and a maximum maturity of 5 years.

The UK Government, including Gilts, T-Bills, and the Debt Management Office (DMADF) will be unlimited in amount and duration.

The table below gives a definition and approximate comparison of various ratings by the three main agencies: -

## Definitions of Rating Agency Ratings

	Fitch		Moody's		S&P	
Short-Term	<b>F1+</b>	Exceptionally strong	<b>P-1</b>	Superior	<b>A-1+</b>	Extremely strong
	<b>F1</b>	Highest quality			<b>A-1</b>	Strong
	<b>F2</b>	Good quality	<b>P-2</b>	Strong	<b>A-2</b>	Satisfactory
	<b>F3</b>	Fair quality	<b>P-3</b>	Acceptable	<b>A-3</b>	Adequate
	<b>B</b>	Speculative	<b>NP</b>	Questionable	<b>B and below</b>	Significant speculative characteristics
	<b>C</b>	High default risk				
	(+) or (-)		(1,2, or 3)		(+) or (-)	
Long-Term	<b>AAA</b>	Highest quality	<b>Aaa</b>	Exceptional	<b>AAA</b>	Extremely strong
	<b>AA</b>	V High quality	<b>Aa</b>	Excellent	<b>AA</b>	Very strong
	<b>A</b>	High quality	<b>A</b>	Good	<b>A</b>	Strong
	<b>BBB</b>	Good quality	<b>Baa</b>	Adequate	<b>BBB</b>	Adequate capacity
	<b>BB</b>	Speculative	<b>Ba</b>	Questionable	<b>BB and below</b>	Significant speculative characteristics
	<b>B</b>	Highly Speculative	<b>B</b>	Poor		
	<b>CCC</b>	High default risk	<b>Caa</b>	Extremely poor		

## Financial Groups

For Financial Groups (where two or more separate counterparties are owned by the same eventual parent company) investments can be split between entities, but an overall limit equal to the highest rated constituent counterparty within the group will be used.

## Country Limits

Excluding the UK, there will be a limit of £30m. This is approximately 10.8% of maximum balance, 12.9% of average balance for the year to 31<sup>st</sup> December 2020-21. The % may be significantly less if borrowing up to the CFR is taken early in the year.

### **Money Market Funds**

With regulatory changes now effected, previously titled Constant Net Asset Value (CNAV) Money Market Funds have been converted into Low Volatility Net Asset Value (LVNAV) funds. Any LVNAV Fund used must be rated by at least two of the main three ratings agency, and must have the following, (or equivalent LVNAV) ratings.

Fitch AAmmf

Moody's Aaa-mf

Standard & Poor's AAAM

Subject to the above, deposits can be made with the following limits: -

The lower of £15m or 0.5% of the total value for individual Funds.

No more than 50% of total deposits outstanding are to be held in LVNAV MMFs.

### **VNAV and other 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.

It is the Council's intention to invest further in Pooled Funds during 2021-22. 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. Diversification of asset classes/funds and the overall level of investment will be determined by the Section 151 Officer with reference to the level of core balances and reserves. As potential investment would lock away capital for 3 to 5-years plus, the level of prudent investment would be commensurate with the level of core balances and reserves available for/during that timeframe.

Fluctuations in SCC cash balances, and particularly cash balances net of external bodies is difficult to predict over a 3 to 5-year timeframe. As the Section 151 Officer is to determine a suitable level of longer-term investment with reference to the level of core balances and reserves, it may be that a % of core balances and reserves is deemed the most appropriate limit for Pooled Funds, but in any case, this will not exceed £60m in total (Including current Pooled Fund investments of £25m), or £15m in any one fund.

### **Other Indicators**

The Council will continue to use a range of indicators, not just credit ratings. Among other indicators to be taken into account will be:

- Credit Default Swaps and Government Bond Spreads.
- GDP, and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions, i.e. bail-in.
- Share Price.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
- Underlying securities or collateral for covered instruments.
- Other macroeconomic factors

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## Arlingclose Economic Outlook & Interest Rate Forecast

### **Economic background:**

The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021-22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink 2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by 18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP growth reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years. Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organisation.

### **Credit Outlook:**

After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021-22 remains advisable.

## Interest rate forecast:

The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

The table below highlights the forecast for key benchmark rates

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>3-month money market r.</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>1yr money market rate</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
<b>5yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
<b>10yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
<b>20yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>50yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

**Underlying assumptions:**

The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.

Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.

Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.

The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.

Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

**Forecast:**

Arlingclose expects Bank Rate to remain at the current 0.10% level.

Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.

Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

## Report of the HR Policy Committee

Chairman: Cllr Mandy Chilcott, Cabinet Member for Resources

Division and Local Member: All

Lead Officer: Chris Squire, HR Director

Author: Mike Bryant – Governance Specialist – Democratic Services

Contact Details: 01823 357628

### 1. Summary/link to the County Plan

- 1.1. Officers prepared an updated 2021/22 Pay Policy Statement, attached as Appendix A, which the HR Policy Committee considered on 19 January 2021 and recommended to Full Council for its approval.

The only changes to the Pay Policy Statement for 2021/22 were minor amendments predominantly related to dates and hyperlinks within the document.

The report also acknowledged the potential need for an extraordinary meeting of the HR Policy Committee to review SLT pay in line with any decisions regarding pay for those on Green Book terms and conditions given that these negotiations have not yet commenced.

- 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 to be approved in time for implementation from the beginning of the financial year.

### 2. Recommendations

- 2.1. **The HR Policy Committee agreed to recommend the Council agree the Pay Policy Statement (PPS) for the Council for 2021-22 (attached as Appendix A to this report) to have effect from 1<sup>st</sup> April 2021.**

(Note – Appendix A includes tracked changes to highlight proposed amendments in full)

### 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 2020/21 on 19 February 2020.
- 3.3.** The only minor changes to the Pay Policy Statement for 2020/21 predominantly reflect date amendments. 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 2021.

The hourly rate for the NLW will be £89.91 per hour and will apply not only to those aged 25 and over, but has also been extended to 23 and 24 year olds.

The Unions have yet to make a pay claim for staff covered by Green Book terms and conditions. It is expected that it will be put to the Employer's side by the end of January 2021. As this is still a nationally negotiated arrangement, the details would have been taken to the HR Policy Committee for information only.

#### **4. Implications**

- 4.1.** 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

#### **5 Background papers**

- 5.1** Agenda and papers for the HR Policy Committee meeting 19 January 2021.

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

## **SOMERSET COUNTY COUNCIL PAY POLICY STATEMENT - 20210/224**

This document sets out Somerset County Council's Pay Policy Statement (PPS) for 20210/224 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 the process of being updated)

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 1: £17,842,364 as at 1<sup>st</sup> April 2020).

The relationship between pay at the lowest and highest levels is therefore controlled by job evaluation.

#### 6. Pay and Grading Structure

The Somerset 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> (new link needed now the extranet has gone)

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 as at January 2020 range between ~~£94,551,92,019~~ and ~~£166,851,162,384~~, as follows:

Grade 1 Post:  
Chief Executive

The salary for Grade 1 Post is ~~£166,851.~~ ~~£162,384.~~

Grade 2 Posts:  
Director of Childrens Services (DCS)  
Director of Finance  
Director of Adult Social Services (DASS)  
Public Health Director  
Lead Commissioner Economic and Community Infrastructure

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The salaries for Grade 2 Posts are within the range ~~£111,180 to £144,600.~~  
~~£108,255 to £140,720~~.

Grade 3 Posts:

Director of Corporate Affairs

Economic and Community Infrastructure Operations Director

Economic and Community Infrastructure Commissioning Director

~~Deputy Director~~ Adults and Health Operations ~~Director~~

~~Deputy Director Adults and Health Commissioning~~

Deputy Director Children and Families

Director of Human Resources & Organisational Development

Managing Director – Somerset Waste Partnership

The salaries for Grade 3 posts are within the range ~~£94,551 to £111,179.~~  
~~£92,049 to £108,254.~~

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: 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 PPS 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 Director 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 January 2020<sup>1</sup>, the ratio of the pay of the Council's median earner (£24,799) to that of its Chief Executive (£166,851~~£162,384~~) was 1:-6.55.

**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 or nominated officer, 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 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 the combined pension and salary of their new post should not exceed the salary of their previous 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.

Somerset County Council

County Council

– 17 February 2021

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## **Report of the Monitoring Officer – Member Development Strategy & Proposed Appointment of Independent Member of the Audit Committee**

Lead Officer and author: Scott Wooldridge - Monitoring Officer and Strategic Manager- Governance and Democratic Services

Contact Details: 01823 357628

### **1. Summary**

**1.1** This report sets out proposals for the Council to consider regarding:

- Approval to the proposed Member Development Strategy 2021-2025
- Proposed appointment of an independent co-opted member of the Audit Committee (without voting rights)

**1.2** The proposals relating to the Member Development Strategy are required due to the expiry of the current strategy and as part of preparations for any elections to the Council and / or local government reorganisation work. The strategy has been developed in conjunction with a cross party steering group of elected members in the Member Development Panel. The proposals are set out in Annex A to this report and the detailed strategy is set out in Appendix A to that Annex.

**1.3** The proposals for the appointment of an independent co-opted member to the Audit Committee follow best practice of other councils and recommendation as part of the 'Redmond Review'. These proposals have been endorsed by the Audit Committee at its meeting in January 2021. The proposals are set out in Annex B to this report.

### **2. Recommendations**

#### **2.1 Member Development Strategy 2021-2025**

**Following reference to Annex A to this report, that the Council agrees the Member Development Strategy 2021-25 (as set out in Appendix A to Annex A).**

#### **2.2 Independent co-opted member of the Audit Committee**

**Following reference to Annex B to this report, that the Council agrees:**

- 1. the recruitment and appointment of an independent person to be a non-voting co-opted member of the Audit Committee for a period of two years.**

**2. that the Monitoring Officer and Section 151 Officer be given delegated authority to finalise a role description, skills and competencies and person specification for the independent person, advertise this role, complete interviews and agree the appointment of the successful candidate to the Audit Committee.**

**3. that the Monitoring Officer is authorised to amend the Audit Committee functions and membership within the Council's Constitution to reflect the inclusion of an independent non-voting member of the Committee.**

### **3. Options considered and consultation undertaken**

**3.1.** Options considered and details of consultation undertaken in respect of the recommendations set out above are set out in the reports and appendices within Annex A and Annex B.

### **4. Implications**

4.1 Financial, legal, Human Resources, equalities, human rights and risk implications in respect of the recommendations set out in this report are detailed within Annex A and B.

There are no direct equalities implications arising from any of the proposals in this report. There are also no direct financial, sustainability or community safety implications.

### **5. Background papers**

**5.1** Councils Constitution  
See Annex A and Annex B

# Annex A

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## Member Development Strategy 2021-25

Cabinet Member: Cllr M Chilcott – Deputy Leader of the Council and Cabinet Member for Resources

Division and Local Member: All

Lead Officer: Scott Wooldridge, Strategic Manager-Governance & Democratic Services

Author: Julia Jones, Governance Specialist- Democratic Services

Contact Details: [jjones@somerset.gov.uk](mailto:jjones@somerset.gov.uk)

### 1. Summary

- 1.1** This report sets out the Member Development Strategy for 2021-25. The Strategy aims to enable all members to carry out their roles efficiently and effectively at all times. The Strategy has been considered by the Member Development Panel at its last two meetings and amended following discussions in that forum. Members are asked to consider the Strategy and approve it for implementation in the next council year.

### 2.0 Recommendations

- 2.1 Somerset County Council approve the Member Development Strategy 2021-25 (attached as Appendix A)**

### 3. Background

- 3.1** Member Development and training has seen a significant setback for a large part of the past quadrennium due to budget restrictions. This has been acknowledged and there has been a recent injection of funding and at the same time a reinstatement of the Member Development Panel to oversee this area.

In order to prepare for the possibility of new council, in the event of an election in May 2021, Panel Members examined the current Member Development Strategy and amendments were made to ensure this was fit for purpose for the new council year.

A number of changes were made to the Strategy, including a greater emphasis on virtual learning and development opportunities and ensuring there was a clear offer of support to co-opted, independent and volunteer school appeal panel members of whom the Democratic Services Team have a responsibility for. In addition, there has been more importance placed on the use of IT and the necessary support from officers in that service area and the need to support with any needs or disabilities.

## **4. Implications**

- 4.1** There are no direct financial, legal, risk or equalities implications arising from any of the proposals in this report. There are also no sustainability or community safety implications.

## **5. Background Papers**

- 5.1** The proposed Member Development Strategy 2021-25 is shown in Appendix A.



# Member Development Strategy 2021-2025



## 1. Introduction

- 1.1 Somerset County Council is committed to supporting, training and developing its elected members, co-opted and independent members and school appeal panel members as part of the democratic arrangements it supports. It recognises the importance of member support and development in the organisational development of the Council.
- 1.2 The roles of members as strategic leaders for the Council and community leaders at a local level in a modern local authority setting are complex and unique. Members will be encouraged and helped to identify their own development needs and to participate fully in activities through self-help and direct assistance. The Council's Member Development Panel will help to set training priorities for their peers and review outcomes – this will help the Council to adopt a planned approach to member development based on supporting the delivery of corporate priorities and actual rather than perceived need and will ensure that the correct training opportunities are delivered.
- 1.3 The on-going development of the Council's elected members is a key element of the organisational development of the Council as a whole, and a structured targeting of resources increases the efficiency and effectiveness of members at individual, role specific and strategic levels. This Member Development Policy and Strategy builds on previous strategies and is intended to help ensure that access to training and development activities is equitable and enables members to perform their current duties as well as preparing them for supporting the Council to meet future challenges. It also gives members the opportunities to:
- Make use of self-development / e-learning opportunities via both internal sources such as The Learning Centre as well as outside sources such as webinars
  - Take advantage of virtual learning opportunities via Microsoft Teams or other online meeting software
  - Develop through learning opportunities via member networking with other authorities and through the Local Government Association
  - Learn from their member peers within their political groups
  - Where appropriate, learn alongside the Council's officers through 'buddying' and 'mentoring' opportunities
- 1.4 It is also intended that elements of this strategy apply to co-opted members of committees and panels including school appeal panel members who require role specific training.

1.5 Training and development opportunities will be provided regardless of any disabilities, ethnicity, race, gender, age, sexuality, religious or physical circumstances.

## **2. The Council's Vision**

2.1 The County Plan highlights the continuing priorities for the Council to create:

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

Members will be at the front line of this drive and this Strategy will be key to enabling members and the Council to deliver better outcomes for Somerset.

## **3. Aims**

3.1 The aims of this Member Development Policy and Strategy are:

- To ensure that newly elected members are inducted into the role of councillor effectively and efficiently and are able to play a full role in delivering the Council's vision and aims as set out in the County Plan;
- To enable members to carry out their roles efficiently and effectively at all times and be kept informed of new legislation and national policy changes;
- To ensure that members have a broad awareness of the commissioning and operational structures and functions of the Council as well as how the Council works and takes decisions;
- To ensure it is flexible and capable of being adjusted to reflect changing circumstances;
- To support the Council's "think local councillor" protocol and how members can deliver their community leadership roles
- To develop members' knowledge and skills in order for them to deal effectively with their constituency casework;
- To ensure that relevant members including co-opted members and school appeal panel members receive training where this is a statutory requirement, eg for those members of Regulation Committee involved in decision making on planning and rights of way issues and school appeals

- To make the best use of the resources available to support our elected members;
- To ensure the Council provides good quality member development (external accreditation is through the Charter for Member Development).

#### **4. Expectations of members**

- 4.1 The Council has recognised the importance of training and development by deciding to make some elements of the training mandatory for both newly elected members of Council and returning councillors in order to deliver their roles effectively. The Council's expectation is that each member will take personal responsibility for their own development and commit to take advantage of the training and opportunities on offer.
- 4.2 Where training is provided for members of a Committee, for example, then the members of that Committee will be required to attend the training including returning councillors. If they do not attend, then their position as a member of that Committee will be reviewed with their Political Group Leader and they may be removed from membership of that Committee if appropriate training is not completed. The Member Development Panel will review all non-attendance of training and make recommendations to Group Leaders and the Monitoring Officer.
- 4.3 It is expected that members who are re-elected will help guide newly elected members through the process of induction to the Council and provide peer support.

#### **5. Priorities**

- 5.1 The priorities for training and development for our elected members will be identified at three different levels
- 5.1.1 *Individual needs*  
There will be opportunities to discuss training needs through a personal learning development process for individual members. These opportunities will be prioritised for newly elected members and to support specific roles e.g. Committee Chairs, Cabinet Members, Opposition Spokespersons, etc. In addition to this, members have the opportunity to pursue individual e-learning through The Learning Centre. Some of this will also include remote working and members will need or to acquire a certain level of IT skills and access to adequate internet connectivity to be able to partake in these activities.
- 5.1.2 *Role specific*  
Each member role will have a Role Description (as defined in the Council's Constitution) which will assist in identifying potential areas of training need. Generic committee-specific issues may also be identified e.g. Committee Chair training or regulatory training for Regulation Committee members. Any member whose role changes will be given support in their new role.

### 5.1.3 *Strategic & Corporate priorities*

Lead members and officers, through the Council's business planning processes, will anticipate the effects of impending changes and initiate the requirement for elected member training.

- 5.2 The MDP may influence these priorities through regular review and also through their annual assurance that this is being undertaken. The MDP will make any necessary recommendations to the Council's Senior Leadership Team via the Monitoring Officer.

## **6. Supporting Member Development Priorities**

- 6.1 Member Development Panel members are ambassadors for member training and development within their own political groups and within the Council.

The Monitoring Officer and Democratic Services Team directly support member development and manage the programme of training on an annual basis. This support and training covers all committees, boards or panels that are administered by the team including those that include partner organisations eg. Somerset Waste Board, Avon and Somerset Police and Crime Panel. It also covers support for co-opted and independent members as well as volunteer panel members for school appeal hearings.

- 6.2 The majority of training and development opportunities will be provided in-house by officers across council services. It is essential to have the support and assistance of skilled officers in different service areas especially from those in ICT.

There is also the potential to utilise the skills and knowledge of more experienced members or former elected members by involving them in the delivery of the induction programme or specific member development sessions.

- 6.3 Where it is considered essential to bring in external training providers, this will be done cost-effectively through, for example, the provision of joint training with other local authorities or by bringing in local training providers to work with groups of members or participating in a Shared Member Development Service with several councils in the south west and other network opportunities.

- 6.4 The Council's budget for member development will be reviewed annually by the Member Development Panel along with the priorities for the forthcoming financial year. Following review, the MDP may make recommendations to the Cabinet as part of the Council's annual budget setting process, to ensure the aims and priorities in this strategy are met or if there are any impacts from potential reductions.

## **7. Delivery**

- 7.1 Responsibility for ensuring the Member Development Policy and Strategy is implemented and delivered rests with the Cabinet Member for Resources, and the Strategic Manager – Governance & Democratic Services (Monitoring Officer for the Council), following consultation with the Member Development Panel and the Senior Leadership Team. Officers within the Democratic Services deal with the day-to-day issues and organising support.
- 7.2 A planned approach to member development based on identified needs will be adopted. The Member Development Panel will be actively involved in determining the priorities and the learning opportunities available in order to meet corporate priorities, and also in evaluating the feedback and outcomes of the sessions for future planning. Member training will also be reviewed annually by the Monitoring Officer and reported to the Senior Leadership Team to ensure senior officers contribute to and monitor members' training needs as well as informing the annual member development programme.
- 7.3 Development opportunities will be delivered through a variety of methods and at locations and times that as far as possible ensure equality of access for all members. There will be a number of opportunities available online or via virtual methods to enable greater access.
- 7.4 Wherever possible, information about training events and seminars will be published at least two months in advance and appropriately publicised.
- 7.5 A member induction process will be provided to members following elections / by-elections. This will be aimed specifically at new members of the Council but will also provide opportunities for refresher training for experienced members re-elected to office. In the event of a by-election a tailored induction programme will be delivered to the newly elected member. Where possible, there will be multiple opportunities for mandatory / statutory training to ensure members complete this. At the earliest opportunity new members will be invited to highlight any needs or disabilities so that additional support and reasonable adjustments can be made.
- 7.6 New members will also be offered support of a mentor or 'buddy' who will offer help and guidance such as informing them of council processes or signposting them to the appropriate officer for assistance.
- 7.7 Training and development opportunities will be provided throughout the quadrennium based around an annual programme. A range of training delivery methods will be looked at for these sessions including:
- In-house briefings and workshops
  - E-learning and written material
  - Peer and Officer mentoring / shadowing
  - Personal Development Plans

- Virtual meeting training sessions
- External training, courses and conferences
- Site visits to see service delivery and innovation

7.8 In the main member training will be provided in-house and where possible through the use of e-learning or virtual meetings as the preferred method. There may be a requirement for some external provision depending on the topic and the level of in-house expertise and capacity available to deliver training. On occasion, training opportunities may be planned and delivered with neighbouring councils and partner organisations.

7.9 Where appropriate, lead members may be authorised to participate in accredited external training courses e.g. Local Government Association courses.

## **8. Evaluation**

8.1 Evaluation of training will be coordinated through the Democratic Services team in a number of ways:

- Providing members with opportunities to give feedback following training sessions e.g. questionnaires. Personal development plans will allow individuals to comment on how their training increases their personal effectiveness in their member role.
- We also offer exit interviews with members to assess, among other issues, how well they were supported in their roles while serving.
- The Member Development Panel will maintain an overview of evaluation outcomes and of members' attendance at / participation in training events.

8.2 The Strategy itself to be reviewed on an annual basis by the Panel and updated as necessary and any recommendations to be made to the Monitoring Officer, Cabinet Member / Cabinet and to Full Council.

## **9. Outcomes**

9.1 By developing our elected members' co-opted members and school appeal panel members potential, the most positive outcome will be their engagement and involvement in Council activities, and their contribution to delivering good quality services to Somerset residents.

9.2 They will understand their roles and responsibilities better, and have the skills, knowledge and confidence to undertake their duties more efficiently and effectively. They will be receiving required training on statutory obligations, and will be aware of legal requirements, matters of probity and changes to legislation.

9.3 Resources, activities and processes will be regularly monitored to ensure effectiveness and value for money, and that the aims of the Member Development Policy and Strategy will be delivered.

Contact Officers:

Scott Wooldridge, Strategic Manager Governance & Democratic Services (Monitoring Officer for the Council)

Julia Jones, Governance Specialist - Democratic Services

01823 357628

January 2021

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# Annex B

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## Potential appointment of independent members to the Audit Committee

Lead Officer: Scott Wooldridge, Monitoring Officer

Author: Scott Wooldridge

Contact Details: swooldridge@somerset.gov.uk

Cabinet Member: Cllr Mandy Chilcott, Cabinet Member for Resources

Division and Local Member: All

### 1. Summary / link to the County Plan

- 1.1. The report follows the update that the Committee received in Autumn 2020 regarding the independent review into local authority financial reporting and external audit review by Sir Tony Redmond which was published on the 8<sup>th</sup> September.
- 1.2. One of the recommendations within the Redmond Review relates to the appointment of at least one independent member, suitably qualified, to the Audit Committee. Currently the only members of the County Council's Audit Committee are county councillors and they are appointed by the County Council.
- 1.3. A number of councils already have agreed to co-opt independent members (on an advisory capacity without voting rights) onto their Audit Committees ahead of the Redmond Review in line with CIPFA best practice guidance.
- 1.4. The Government responded to the 23 recommendations in the Redmond Review on 17 December 2020 recognising the importance of local audit. Within its response it agreed that it will work with the Local Government Association, National Audit Office and CIPFA to deliver the recommendation for the appointment of at least one independent member to a local authority's Audit Committee.
- 1.5. Audit Committees are a key component of corporate governance. They are a key source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.

Independent members with appropriate skills and experience supplement those of the elected members and this is intended to improve the effectiveness of an Audit Committee.

### 2. Issues for consideration / recommendations

- 2.1. **Members are asked to consider the recommendation within the Redmond Review regarding the potential appointment of at least one independent member to the Audit Committee and to agree:**

- 1. That the Council approves the recruitment and appointment of an independent person to be a non-voting co-opted member of the Audit Committee for a period of two years.**
- 2. That the Monitoring Officer and Section 151 Officer be given delegated authority to finalise a role description, skills and competencies and person specification for the independent person, advertise this role, complete interviews and agree the appointment of the successful candidate to the Audit Committee.**
- 3. That the Monitoring Officer is authorised to amend the Audit Committee functions and membership within the Council's Constitution to reflect the inclusion of an independent non-voting member of the Committee.**

### **3. Background**

- 3.1.** Sir Tony Redmond was commissioned in July 2019, under the former Communities Secretary, James Brokenshire to undertake a review into local authority financial reporting and external audit. The review was completed on 8<sup>th</sup> September and the results have been [published](#). The Government published its response to the recommendations on 17 December 2020.
- 3.2.** One of the recommendations related to the appointment of independent persons as co-opted members of Audit Committees. Whilst not a statutory requirement a number of councils have already appointed independent members to their Audit Committees in line with CIPFA guidance in 2018 'Practical Guidance for Local Authorities and Police'.
- 3.3.** The revised and updated 2018 edition considered the development of audit committees since the original edition and incorporated the legislative changes that had affected the sector since 2013. It included additional guidance and resources to support those acting as audit committee members in local authorities and those working with and supporting the committee's development. The key changes contained within CIPFA's guidance related to the following areas:-
  - a. inclusion of an independent member on the Committee;
  - b. additional guidance on how the Committee can oversee independence, objectivity and performance of Internal Audit and support the effectiveness of the internal audit process;
  - c. additional guidance on how the committee can support independence of the external auditor and monitor the external audit process.
- 3.4.** CIPFA's view is that the injection of an external independent view can often

bring a new approach to committee discussions. Authorities that have chosen to recruit independent members have done so for a number of reasons:

- To bring additional knowledge and expertise to the committee;
- To reinforce the political neutrality and independence of the committee;
- To maintain continuity of committee membership where membership is affected by the electoral cycle.

**3.5.** CIPFA do though acknowledge there are potential pitfalls to the use of independent members which should also be borne in mind:

- Over-reliance on the independent members by other committee members can lead to a lack of engagement across the full committee;
- Lack of organisational knowledge or 'context' among the independent members when considering risk registers or audit reports;
- Effort is required from both independent members and officers to establish an effective working relationship and establish appropriate protocols for briefings and access to information.

**3.6.** The Audit Committee are requested to consider the appointment of an Independent Person (IP) to the Committee. The IP would be a non-councillor with some experience in the area of audit. The IP would have not a vote in the same way as councillors do at the Committee and will be there in an advisory capacity.

**3.7.** In respect of the skills/attributes required of an Independent Member the following generic criteria are proposed :

a. Experience

- i. Membership or involvement in any organisational environment where decisions are taken in meetings
- ii. A good understanding of finance and of the concepts of internal control, corporate governance, risk management and performance management

b. Qualifications

- i. Over 18 years of age
- ii. Lives or works within the area of Somerset County Council

c. Disqualifications

A person may not be an Independent Member of the Audit Committee for the following reasons :

- i. Employment by or Membership of Somerset County Council in the last 5

- years or current employment by or membership of any local authority
- ii. Any bankrupt or person who has made a composition or arrangement with creditors which is extant
  - iii. Having, within 5 years of the appointment, a conviction for an offence resulting in a sentence of imprisonment (whether or not suspended) or a period of not less than 3 months without the option of a fine.
  - iv. A disqualification for being elected or being a member of an authority under the Representation of the Peoples Act 1983 (corrupt electoral practices) or under the Audit Commission Act 1998 (unlawful local authority expenditure)
  - v. Being a relative or close friend of a Member or officer of Somerset County Council

#### d. Skills, Knowledge, Abilities and Personal Qualities

- i. A person who is an active and respected member of their local area
- ii. A person with knowledge of Local Government
- iii. A person willing to serve the public interest and the local community
- iv. A person who can demonstrate honesty and integrity which has never been impugned
- v. A person with the ability to look at issues objectively and make decisions on their merit
- vi. A person who can put aside all political affiliations when making decisions
- vii. A person who understands the concept of accountability
- viii. A person willing to give reasons for decisions or actions taken in a spirit of openness whilst respecting issues of confidentiality
- ix. A person who can take account of the views of others, work with others but is able to reach their own conclusions on issues before them
- x. A person who can show respect for others including a commitment to equal opportunities and the impartiality and integrity required of Council Officers
- xi. A person who can demonstrate an understanding of the duty to uphold the law and trust placed on them

#### e. Other Requirements

- i. An ability and commitment to attend up to 7 formal meetings a year, plus ad-hoc sessions and training events

With regard to payment for undertaking the role, it is proposed to recommend an annual allowance at the same level as the co-opted members of the Constitution & Standards Committee and the Joint Independent Remuneration Panel, along with the payment of reasonable travel and other expenses in line with the Members' Scheme of Allowances. It is proposed that the Joint Independent Remuneration Panel review and propose a specific allowance for the Council to consider at its next meeting.

## 4. Implications

**4.1. Equalities** – there are no direct implications arising from this report.

**Legal** – Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations specifically require that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper internal audit practices”.

Under S102(3) of the Local Government Act 1972, Co-opted members are not permitted to be members on Committees which are responsible for “*regulating and controlling the finance of the local authority*”.

CIPFA do acknowledge these limitations recommending that Local Authorities should have regard to Section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. This states that “*A person who – (a) is a member of a committee appointed under a power to which this section applies by a relevant authority and is not a member of that authority; shall for all purposes be treated as a non-voting member of that committee*”.

CIPFA’s view is that where an audit committee is operating as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, then all members of the committee (including any co-opted members) should be able to vote on those recommendations. However, where a council has delegated decisions to the committee, for example the adoption of the financial statements, then independent members will not be able to vote on those matters for decision.

As part of the Audit Committee’s remit is therefore to regulate and control the Councils’ finances, under S102(3), co-opted members with voting rights are not permitted on this Committee.

**Financial implications** – Any costs associated with the recruitment, selection, appointment and subsequent disbursements to any independent member(s) would need to be met from the Members Allowances Budgets. These costs are currently not budgeted for and therefore if these proposals are approved then funding will need to be met initially from the Contingency Budget and subsequently form part of the planning for the Medium Term Financial Plan.

**Risk implications** – Whilst there are no direct implications from this report, the Audit Committee objectively examines, evaluates and reports on the adequacy

of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Subject to adequate recruitment procedures and adherence to the Person Specification, this proposal should augment the Audit Committee's independence, provide additional expertise, and provide an opportunity for the community to play an enhanced role in the governance of the Council.

## **5. Background papers**

- 5.1.** Redmond Review ([published](#))  
CIPFA – Practical guidance for Local Authorities and Police 2018 Edition  
Audit Committee Functions – Somerset County Council Constitution

Somerset County Council

County Council

– 17 February 2021

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## **Report of the Joint Independent Remuneration Panel**

Cabinet Member:

Division and Local Member: All

Lead Officer: Scott Wooldridge, Monitoring Officer and Strategic Manager – Governance & Democratic Services

Author: Julia Jones, Governance Specialist – Democratic Services

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### **1. Summary/link to the Corporate Plan**

- 1.1.** This report sets out the report and recommendations of the Joint Independent Remuneration Panel (“the Panel”) following their ‘light touch’ review of the Scheme of Member’s Allowances.
- 1.2.** The arrangements for determining allowances for elected members are set down in statutory regulations - the Local Authorities (Members’ Allowances) (England) Regulations 2003 (SI 1021) and subsequent amendments to the regulations (SI 2003/1022 and SI 2003/1692). Each local authority is required to appoint and maintain an Independent Panel to make recommendations to the Council on members’ allowances. The County Council, Somerset West and Taunton Council and Mendip District Council established a joint panel to advise the councils’ on their respective Schemes. The Council must have regard to the Panel’s recommendations before making decisions in relation to members’ allowances but doesn’t have to accept them. Where the Council doesn’t accept the Panel’s recommendations it should give reasons for not doing so.
- 1.3** All Members have a personal and prejudicial interest in the receipt of allowances, but the Council’s Code of Conduct includes a dispensation allowing members to attend relevant meetings and vote on this matter. This paragraph has the effect of declaring this interest by all Members at this meeting of Council. Members do not need therefore to make a verbal declaration at the Council meeting.

### **2. Recommendations**

#### **2.1 Council is recommended to:**

- (a) Consider the Panel’s nine recommendations set out in the Panel’s report attached as the Annex to this report and set out in paragraph 6.6 (a proposed SRA banding system is shown at Appendix C) and decide accordingly.**

- (b) Authorise the Monitoring Officer to make any amendments to the Scheme of Members' Allowances for 2021-22 required as a result of the Council's decisions in (a) above.**

### **3 Background**

- 3.1** In July 2017 the Council considered a report from the Joint Independent Remuneration Panel after it had carried out a fundamental review and agreed a revised Scheme of Member Allowances for 2017-21.

With the advent of County Council elections in 2021 the Panel would usually undertake another fundamental review ahead of this for consideration by the County Council. However with the possibility of reorganisation of Local Government in Somerset, the Panel sought the Leader's opinion about the type of review it was thought prudent to proceed with and it was agreed a 'light touch' review should be carried out.

The Panel has held virtual meetings on many occasions in recent months and most recently on the 11th January. The culmination of that work is set out in the report of the Panel attached as the Annex to this paper which includes recommendations for changes to the Scheme of Members' Allowances. The proposed SRA banding system which reflects the Panel's recommendations is attached to the Panel's report as Appendix C.

The Panel's recommendations are intended to provide guidance for the forthcoming year, with a more fundamental review to be planned ahead of the next Council year.

### **4. Implications**

- 4.1** Financial: The full year impact of applying the Panel's recommendations in full would see an overall reduction in the cost of the SRA structure of £23,262 pa (a reduction from a total cost of £309,288 to £286,026) over a full financial year. An illustration of this is provided in Appendix D.
- 4.2** Legal: The legal requirements are set out in the report.
- 4.3** Risk: The risks are reputational rather than legal. The Council does not have to accept the Panel's recommendations but where it chooses not to do so it should give reasons that can be part of the record of the meeting. The Council is required to give reasons where it chooses not to accept Panel recommendations on allowances.
- 4.4** Impact Assessment: There are no direct equalities implications arising from any of the proposals in this report. There are also no sustainability or community safety implications.



## **5. Background papers**

- 5.1** Joint Independent Remuneration Panel – fundamental review  
Scheme of Member Allowances 2020/21  
(both available at on the following link [SCC allowances and expenses](#))

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## **Report of the Joint Independent Remuneration Panel**

### **1. Introduction**

- 1.1 This report sets out the conclusions and recommendations from the light touch review of the Somerset County Council Scheme of Members' Allowances carried out by the Joint Independent Remuneration Panel in November and December 2020.

It builds on the previous reports submitted by the Panel, the most recent fundamental review having taken place in 2017 and considered on 19<sup>th</sup> July by full council. In this report Somerset County Council is referred to as SCC, the Basic Allowance is referred to as BA and the Special Responsibility Allowances are referred to as SRAs.

The Panel wishes to thank members for their time and open engagement with the process, and staff at the County Council for their invaluable assistance.

### **2. Executive Summary**

- 2.1 In the light of the possible restructuring of Local Government in Somerset, this has been a "light touch" review rather than a deeper delve. The resultant recommendations are intended to provide guidance for the forthcoming year, with a more fundamental review to be carried out next year in the event that there is no change to the current provision of local Government in the county.

A voluntary survey of elected members followed by a short series of interviews provided the panel with an important "sense check". The Panel also considered data gleaned from desktop survey of a peer group which demonstrated that Somerset remains broadly in line with the average for that group. The report includes:-

- Appendix A – Questionnaire results on how representative the membership of the Council was of the population in Somerset;
- Appendix B – Current SRA Banding System (for 2020/21);

It also references the SCC full Scheme of Allowances.

The Panel's most significant concern is that the number of SRA payments exceed the "50% rule" and indeed the situation would be worse if not for the number of councillors "doubling up". The panel concluded that some positions, those with the weakest case, should be removed from the SRA structure.

The Panel also found that there is a case for a small number of minor adjustments to the band of SRA allotted to some positions.

The panel also have some suggestions for refinement to the information provided to and gathered from future candidates.

All of the recommendations are contained in 6.6, below.

### **3. Members' Allowances and Remuneration Panels – the legal position and methodology**

- 3.1 By way of an introduction the legal provisions in relation to members' allowances are set out in the Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 1021) and subsequent amendments to the regulations (SI 2003/1022 and SI 2003/1692) ["the Regulations"]. Under the Regulations each Council has to appoint an Independent Panel to make recommendations on its Scheme of Members' Allowances. The Council must have due regard to the recommendations of the Panel before it makes any decisions in relation to its Members' Allowances Scheme, but it may accept, reject, or amend any of the Panel's recommendations. The Regulations provide for a single panel to advise more than one Council [see 3.4 below].
- 3.2 The regulations define a number of basic requirements for allowances schemes but also give considerable scope to allow a council to adopt local provisions according to their circumstances. The only mandatory element provided for, in the Regulations, is the payment of a Basic Allowance to all members of a Council. All the other elements that are currently paid under the scheme, i.e. Special Responsibility, Travel, Subsistence and Carers' allowances are discretionary.
- 3.3 The basic principles on which Remuneration Panels work are not set out in statute but there is guidance from the government. On a regional basis South West Councils has also produced a guide aimed at filling a gap in supportive material for the work of Panels. The guide is currently undergoing revision having been produced in 2015 but sets out a number of commonly adopted principles used by Panels. The Somerset Panel has considered these and concluded that the following principles should guide their considerations:
- the 50% rule (an expectation that no more than 50% of members of any individual Council should receive an SRA. Government guidance states that "If the majority of members of a council receive a special responsibility allowance the local electorate may rightly question whether this was justified"<sup>1</sup>);
  - an individual Member should only receive one SRA at any one time;
  - BA payments should take into account a discretionary voluntary time contribution, as set out in guidance to reflect the community-minded nature of the commitment and maintain the difference between a salary and an allowance. The calculation of this varies but in the past, in line with a number of other Panels, 33%<sup>2</sup> has been used;
  - when considering the payment of an SRA, clarity is needed by both Council and the Panel as to explicit criteria used by the Panel when considering each specific position and whether it qualifies for an SRA, e.g. is the position one which requires judgment and responsibility or is it much more of a supporting role but based on substantial additional time and effort; and
  - the need to ensure that the level of allowance does not deter potential

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<sup>1</sup> "New Council Constitutions - Guidance on Consolidated Regulations for Local Authority Allowances, 2003", published by ODPM

<sup>2</sup> The Council, in the past, has used, 33%. This discount on hours 'worked' by councillors reinforces that the BA payment is not a salary paid for employment.

candidates from standing for election.

The Local Authorities (Members' Allowances)(England) Regulations 2003 state that where allowances are adjusted annually by reference to an index "it may not rely on that index for longer than four years".

- 3.4 Joint Independent Remuneration Panel: SCC is a member of a joint IRP alongside Mendip District Council and Somerset West and Taunton Council. The Panel's membership comprises three independent representatives appointed by SCC and one each by the District Councils. At the time of this review there was one vacancy which Mendip were in the process of filling. All of the members of the Panel are residents of Somerset. The current Panel membership is outlined in brief below for information:

Panel members:

John Thomson (Chair)

From a housing background, initially worked for local authorities and then was Chief Executive of SHAL Housing, a Bridgwater-based housing association, for 20 years, and now retired. John represents Somerset West and Taunton on the Panel.

Colin McDonald

Semi-retired after over 30 years full-time employment in social housing, 25 (in total) of these at South Somerset District Council (over two occasions) including several years as Head of Housing & Welfare.

Bryony Houlden

Chief Executive of South West Councils, a membership organisation of all 33 local authorities in the South West. Formerly a senior civil servant. Serves as a Chair/member or advisor to nine other Independent Remuneration Panels.

Alan Wells

39 years' experience in financial services. Specialist in benefit and remuneration structures.

Technical Advisers to the Panel:

Scott Wooldridge, Monitoring Officer, Somerset County Council

Julia Jones, Governance Specialist – Democratic Services, Somerset County Council

Kait Harvey, Senior Democratic Service Officer, Somerset County Council

- 3.5 As is mentioned in section 1.1 above, the last fundamental review on SCC allowances was carried out in 2017 and was considered by the Council on 19<sup>th</sup> July that year. Accordingly, the Panel set in motion a fundamental review to be completed in 2021 and covering the next four years. On 30<sup>th</sup> October 2020 the Leader of the Council, Cllr Fothergill, wrote to the Panel's Chair to inform the Panel that due to a possible local government re-organisation, the elections in May 2021 may be delayed. As a consequence, he suggested that a "light touch review" be carried out with a report to the February 2021 meeting. This was agreed by the Panel, and this is the resulting

report.

- 3.6 In 2017 the fundamental review, whilst acknowledging that allowances are not wages, nevertheless considered: -
- external regional wage comparators;
  - comparisons with peer authorities; and
  - indexing arrangements.

This report does not cover the first of these points as it is intended to cover, as a “light touch”, only the coming year. As such the Panel has looked at peer councils to ensure that allowances are not out of line with those peers. In a full review the Panel would have reviewed the basis for the allowances and this would have gone back to the local labour market, for, as will become apparent later in this report, to fulfil the role of councillor (and not necessarily the excellent job of some) takes a lot of time; time which might otherwise be spent in paid employment.

As part of this review all members at SCC were invited to take part in a short survey and the results are included below or attached as appendix A. The Panel also interviewed Group Leaders at SCC together with a number of other members who had indicated via the survey that they wished to be interviewed, in total ten interviews, all of which were conducted by the Chair and two other members of the Panel. The final sample group of elected members represented a range of responsibilities and came from all parties, including independents.

#### **4 Basic Allowance (BA)**

- 4.1 The purpose of the BA is:-

*“.....to recognise the time commitment of all councillors, including such inevitable calls on their time at meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes, [...telephone calls and visiting constituents]<sup>3</sup>.”* It is also expected to cover the occasional chairing of meetings, routine monitoring of services and budgets and taking part in performance management and training.

The BA is not a payment for a job, nor a wage or salary. However, elected members can devote a substantial time to the role, and this will inevitably mean that they cannot spend **that** time on other pursuits. For some this may be leisure activities or alternative voluntary commitments, but for others it will be paid employment, and standing for election may give rise to anxieties about financing the family income both in the short term but also potentially undermining their long term career prospects, particularly if their employer is not supportive. This person might be known as the “marginal candidate” (we use this term purely in a financial context). For these people the level of BA is a material issue in considering whether to stand. A 2013 University of Plymouth survey of local election candidates (reported in our 2017 report) reported that 30% were “of the opinion that insufficient payment to councillors discourages people from standing”. So, whilst not looking, in this report, at underlying wage levels in our community the Panel has looked at comparisons

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<sup>3</sup> From “Guidance on Members' Allowances for Local Authorities in England”, 2001, published by ODPM

with peer authorities.

- 4.2 The BA for 2020/21 for SCC members is currently £11,540 a year (see appendix B) and is paid to all members. It has been linked to rises in wages and salaries for SCC employees since our 2017 report, although the Panel’s recommendation at that time was for it to track CPIH (Consumer Price Index including owner occupier’s housing costs). In comparing the BA, the Panel has looked, for the purposes of this “light touch” review, only at similar local authorities. The Chartered Institute of Public Finance and Accountancy (CIPFA) produces “near neighbours” for local authorities based, not upon geographical location, but upon demographic and socio-economic indicators. This model produces the following top ten “near neighbours” for Somerset.

Table 1  
“Top ten nearest neighbour” councils

1	North Yorkshire
2	Suffolk
3	Worcestershire
4	Gloucestershire
5	Norfolk
6	Warwickshire
7	Devon
8	Lincolnshire
9	Cumbria
10	Leicestershire

This list is identical to the list used in 2017 with the exception of Dorset (no longer a county council) being replaced with Lincolnshire.

Table 2, below, shows a comparison of BA from the “top ten nearest neighbour” with SCC with current information gleaned from the websites of each of the councils concerned. This exercise was previously done in 2017 and the figures from that time are included for interest.

Table 2  
Basic Allowance comparison

	1	2	3
	Top ten nearest neighbour councils 2017	Top ten nearest neighbour councils 2021	Percentage increase 2017-2021
Average (mean)	£9,885	£10,532	6.5
Minimum	£8,405	£8,744	4.0
Maximum	£12,483	£13,213	5.8

Median	£9,721	£10,595	9.0
SCC	£10,795	£11,540	6.9

As can be seen, in both years, the BA in Somerset was/is above average (currently £11,540 is 9.57% higher than the average) but not, in the Panel's estimation, unduly so. By comparison, in 2017 the Somerset BA was 9.2% above the average. In both years SCC falls **within** the range set by the peer councils.

- 4.3 Table 2 also shows the BA has risen in the past four years as the BA has been increased in line with officer salaries. However, the Office for National Statistics (ONS) uses CPIH as their lead inflation index. This is the inflation index previously recommended for increases as it is easily understood by the public and ensures that, for the marginal candidate (see section 4.1 above), a councillor's income keeps pace with prices. If the BA had been increased in line with this inflation index the position would have been as outlined in table 3 below.

Table 3  
Keeping pace with CPIH

	Inflation (CPIH)*	BA
BA 2017		£10,795
CPIH April 2018	2.20%	£11,032
CPIH April 2019	2.00%	£11,253
CPIH April 2020	0.90%	£11,354
BA 2020		£11,540

\* as published by ONS

As can be seen the BA as it currently exists is broadly what would have been expected from using the usual measure of inflation, albeit £186 higher. As is often mentioned in these reports (and particularly in section 4.1 above) it is important that potential councillors are not put off applying for election by a BA which is steadily eroded by inflation. Since 2017 this is not the case. It might be argued that, in setting a BA for 2021/22, any inflationary increase should start at a base £186 lower than the current BA, but the Panel do not think this would be proportionate or appropriate given the evidence in 4.2.

- 4.4 This year the Panel ran a short questionnaire for members at SCC (see 3.6 and appendix A). There was no obligation to complete it but 37 members (out of a maximum of 55) did so, a 65% response rate. Some of the questions were specifically related to the BA. As mentioned in section 4.3 above one of the concerns is that people should not be discouraged from standing for election, particularly by financial concerns. And once elected it is not useful if the member is then put off by the volume of work expected of them in relation to the recompense from the allowance.



The panel believes the survey responses highlight some key issues:

- 86% (32 of 37 respondents) regard the BA as important
- 38% (14 of 37 respondents) stated it as a factor in their decision to stand for office.
  
- 75% (28 of 37 respondents) confirmed that their time commitment is greater than they expected.
- 51% (19 of 37 respondents) used the word 'community' unprompted when asked for their motivation in standing for office.

We also asked how many hours they put in before the "covid era" on BA work.

Table 4

Hours spent on BA work

	Number of members
Less than 10 hours a week	2
10-19 hours a week	17
20-29 hours a week	9
30 hours a week or more	9

It must be remembered that this is a snapshot and that not all members have completed the survey but there is nevertheless a substantial part of many members' time spent on council business. The Panel are keen to understand whether the allowance scheme in its current structure provides support and encouragement to potential candidates or acts as a barrier. Mention has been made, above, of allowances but the Panel also wonder whether SCC represents the communities it serves and in so far as it doesn't is that because of the allowances or other factors such as culture? Appendix A attached to this report looks at this in a little more detail.

Arising from this, the Panel finds Somerset to be unusual in that a larger proportion of its elected members are in work but is unable to say whether this materially affects their opinions on the level of the basic allowance. There is clearly a gender imbalance but whilst the council may be seen to be under representative of the community at large in this respect, it appears not to be out of kilter with local government as a whole which suggests that the imbalance is cultural rather than related to the level of remuneration. Somerset at first glance appears to be under representative of the general population with respect to disabilities and out of line with local government as a whole but note that the margin as a percentage is close to one member in real terms and may just be due to which members completed the survey or wished to declare their disability or ethnicity.

A further issue, not covered in the questionnaire but which has arisen more than

once in the interviews, is the geography of Somerset. For some, attendance at a meeting in Taunton is a time consuming business due to the time taken to travel from their home, and for these, in particular, the advent of virtual meetings, the Panel has been told, has proved beneficial and may provide an opportunity in the future for enhanced engagement across all the membership depending on the model of working adopted by SCC, post pandemic, and subject to government regulation.

Potential candidates will no doubt take account of the time it takes to get to Taunton, and the frequency of such journeys, in considering whether to stand.

## **5 Special Responsibility Allowances**

5.1 Section 5 of the Local Authorities (Members' Allowances)(England) Regulations 2003 states that an authority "may provide" for the payment of an SRA to members of the authority in one of the following categories:-

- Leader or deputy leader of a political group;
- Members of an executive;
- Chair of a committee or sub-committee;
- Representative of the council;
- Member of a meeting with exceptional frequency / period;
- Spokesman of a political group;
- Member of an adoption or licensing panel; and
- Any other activity requiring time and effort equal to, or greater than, the roles listed above.

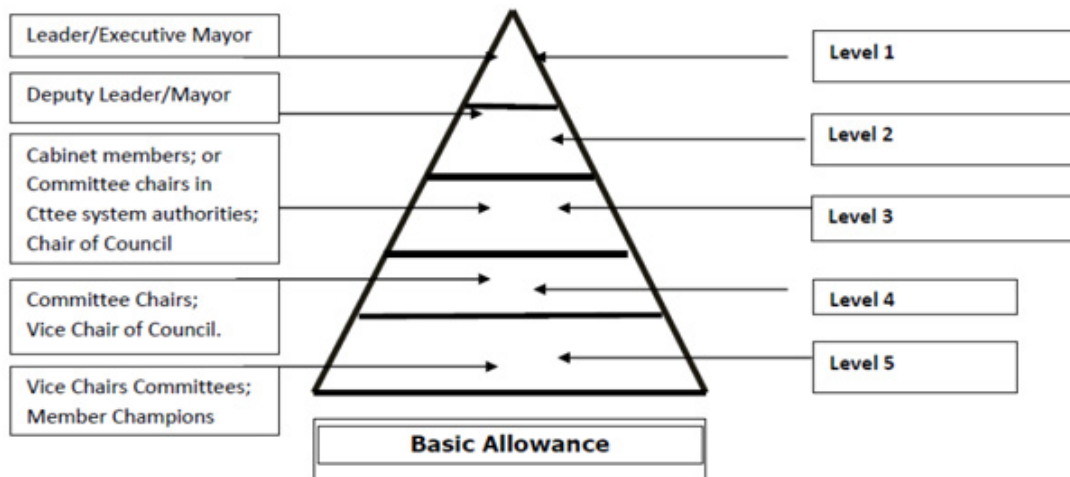
So, whilst an authority **must** provide a BA to all members, it may, if it wishes, provide SRAs for members with special responsibilities. At SCC there are currently 39 SRA positions, of which 34 are paid (see section 3.3 above). With 55 members this means 61% of members currently receive an SRA, far exceeding the "50%" rule that the Panel regards as an important principle. It means that, if SCC is to meet the rule, the number of SRAs payable should be reduced by six.

5.2 The Panel has adopted its own methodology for assessing "special responsibilities" which extends the identified categories set out in statute. In the view of the Panel a particular responsibility might be deemed "special" if it is characterised as having some of, or elements of, the following components, but recognising that particular roles established by councils may well exhibit a range of component characteristics.

- (1) Time commitment
- (2) Specialist skills
- (3) Functional Leadership
- (4) Important decision-making
- (5) Complexity
- (6) Identifiable accountability
- (7) Direct responsibility for important outcomes
- (8) Culpability
- (9) Constitutional relevance

5.3 The existing scheme has been in place since 2013 and includes a "pyramid of responsibility" which defines certain roles. The "level" determined for a role gives (a) comparison with other roles and (b) a level of payment. The following diagram illustrates the concept and is taken from SW Councils publication "Councillors'

Allowances: A practical guide for those involved in the work of Independent Remuneration Panels”.



As with many councils, SCC currently calculates payment at various levels by reference to the BA, so, for example, the Leader on level 1 receives an additional payment of three times the BA. This has been the case since 2013. And, it should be pointed out that it is the **role** which attracts the SRA, not the individual, and so the description of the role is the important thing. Performance is not formally assessed, and so performance related payments are not appropriate or applicable!

- 5.4 In determining whether an SRA is appropriate for a role, it is important to ask whether the role is (a) outside the scope of the BA (see section 4.1 above), and (b) formally recognised by the Council and (c) included in the list in the 2003 Regulations. If the role satisfies **all** these criteria, and other criteria identified by the Panel as relevant (see 5.2 above), then the role may merit an SRA.

Having identified a role as qualifying for an SRA then the level of responsibility (and how the role fits into the pyramid, above) has to be set.

- 5.5 Using publicly available data on council websites current values of SRAs for principal roles in the “top ten nearest neighbour” councils have been obtained. Table 5, below, shows how these SRAs compare with those of Somerset.

Table 5

Comparable posts and Basic Allowance multipliers

	Average, top 10 nearest neighbour councils	Average, top 10 nearest neighbour Multiplier	SCC	SCC Multiplier
Basic Allowance	£10,532		£11,540	
Leader of the council	£32,468	3.08	£34,620	3
Deputy leader of the	£20,073	1.91	£20,657	1.79

council				
Cabinet posts	£16,978	1.61	£18,463	1.60
Deputy Cabinet member	£6,592	0.63	£6,924	0.60
Chairman of the council	£10,621	1.01	£10,368	0.90
Vice-chairman of the council	£3,253	0.31	£2,308	0.20
Opposition Leader	£8,723	0.83	£10,386	0.90
Chairman of audit committee	£6,722	0.64	£6,924	0.60
Chairman of Scrutiny	£9,268	0.88	£6,924	0.60
Other Group Leader*	£5,204	0.49	£1,154	0.10
Opposition Spokesperson	£2,253	0.21	£1,154	0.10

\* NB four councils have minimum numbers of members required for a Group Leader to warrant an SRA, ranging from 2 members to 9.

As can be seen, there is a remarkable correlation between the **average** council and Somerset, both with the value and with the multiplier (for example, SCC pays its Leader 3 times the BA as an SRA, whilst the average near neighbour council pays 3.08 times). It is also interesting to note that SCC falls within the range of values for peer (near neighbour) councils for each of these posts. It does disguise many variations, however. For example, whilst the average SRA for the Leader of a council is £32,468, of the 10 nearest neighbours the lowest SRA for a Leader is £24,137 and the highest £38,730. Table 6, below, shows the full range of Leader SRAs as an example of variations found.

Table 6  
Leader SRAs in “top ten nearest neighbour” councils

Council	Leader SRA
1	£24,137
2	£26,270
3	£32,066
4	£32,981
5	£33,033
6	£33,079
7	£34,170
8	£34,192
9	£36,026
10	£38,730
SCC	£34,620

- 5.6 In the Panel’s 2017 review there was a discussion about the (then newly created) Deputy Cabinet Member positions and the Panel recommended that the posts be allocated to Band 5 in the “pyramid of responsibility” on the same level as the chairs of Regulation, Audit and Scrutiny. The recommendation went on to require a thorough review of the banding of these posts “once the precise nature of the role

has become apparent” but this has never been done. Of the “top ten nearest neighbour” councils only two have such posts, as is shown in table 7, below.

Table 7  
Deputy Cabinet Members in “top ten nearest neighbour” councils

Council	Deputy Cabinet Member
1	£5,344
2	£7,839
SCC	£6,924

As can be seen, the allowance at SCC again falls between the others and is a little above the average of £6,591.

As with all SRAs, it is the role which attracts the allowance, not the person. The role description of Deputy Cabinet Member (Junior Cabinet Member) on the SCC website explains what the role is and the (important) first three tasks are to:-

1. Focus on information gathering and understanding key policy/service delivery area; and
2. Assist with the development of options and policies for consideration by the Cabinet member taking into account national policies and local circumstances; and
3. Brief and make recommendations to Cabinet members and others on relevant issues in relation to policy development and decision making.

The description makes it quite clear that the person undertaking the role is “not able to take decisions” and it may be felt that the role is more akin to an understudy role where a person can develop their skills whilst not actually being in a role which might cause damage! And yet, when these roles were discussed in 2017, they were considered by the Panel as equivalent to the chairs of Regulation, Audit and Scrutiny committees, on Band 5.

- 5.7 Another role at SCC which appears only three times in the top ten near neighbour councils is that of Opposition Spokesperson, as is shown in table 8, below.

Table 8  
Opposition Spokesperson

Council	Opposition Spokesperson
1	£3,206
2	£2,473
3	£1,079
SCC	£1,154

NB only three councils have an SRA for these posts

The Panel has interviewed all Group Leaders as part of this review and has also spoken to a number of other members of the Council. During these discussions some members spoke quite positively about these roles, expressing the view that, in order to hold the executive to account, scrutinise decisions and actively support or oppose those decisions, it was essential that there were people skilled, experienced and trained in the topics under discussion. This must surely be the position everywhere, but only three of the 10 “nearest neighbours” felt the positions should be awarded an SRA. However, as section 5.1 states, a spokesperson is an individual who may be awarded an SRA.

- 5.8 The sharp eyed amongst the readers of this report may have noticed that the role of Vice-Chair does not appear in table 5 above. As with Opposition Spokesperson, at SCC this is a Band 7 SRA. However, it is rare to see a Vice-Chair included for payment in the top ten nearest neighbour councils. The exception to this is Vice-Chair of Scrutiny, which is awarded an SRA in 6 councils, as is shown in table 9.

Table 9  
Vice-Chair, Scrutiny

Council	Vice-chair Scrutiny
1	£1,741
2	£4,947
3	£2,147
4	£4,823
5	£4,316
6	£2,139
SCC	£1,154

In this instance SCC falls below the average of £3,352 and below the lowest council. And yet scrutiny is one of the key roles in the cabinet style of local government, for the executive must be held to account. One of the members interviewed by the Panel explained that this can work especially well where the Chair and Vice Chair are both immersed in the subject matter and both participate in management of the committee. As was explained, being Vice-chair of Scrutiny is not just being available to head the meeting in the Chair’s absence.

- 5.9 The Panel’s survey of councillors asked about the amount of time, per week, that they spent on SRA related activities. Not all those responding have an SRA, but there were 22 who do.

Table 10, below, shows the responses grouped by allowance band and indicating the number of hours spent on these activities.

Table 10  
Average hours spent on SRA activities

Band	Total hours	Total Councillors	Average hours
1	35	1	35.0
3	199	8	24.9
4	47	2	23.5
5	42	3	14.0
6	3	1	3.0
7	41	7	5.9

As can be seen, the more senior roles consume more of a member’s time and band 5 which encompasses Deputy Cabinet Members and Chairs of Regulation, Audit and Scrutiny, has an average time spent on those activities of 14 hours. Band 7, which includes Vice Chairs and Opposition Spokespersons, has an average time spent on those activities of 5.9 hours. Of course, this is a snapshot, with people estimating their time and not everyone concerned completed the form, but it does confirm the Panel’s expectations.

## 6 Conclusions and recommendations

6.1 In undertaking a “light touch” review for one year only there is much background work that is left for the fuller review that will be required in due course. And there are shortcomings of just carrying out a peer review, not least, if every council does that eventually every council will end up being average. However, it does highlight if the council is currently wildly out of step with its peers and which may otherwise cause questions to be asked.

Nevertheless, there is much that was needed to be considered. Always there is the underlying issue of ensuring that the level of allowances does not put off potential candidates standing for election and our interviews this year have highlighted this as a concern amongst existing members. So many have commented that the time commitment is an issue as is mentioned in section 4.4 about the survey. Many of those we have interviewed have expressed the view that you have to put the time in to get the job done properly, and you are always available, no matter how

inconvenient to you this may be. Some have also commented upon the time taken to travel to meetings (although obviously less so in 2020). These points, it has been suggested more than once, need to be emphasised to potential candidates so that they know what they might be letting themselves in for if elected. And it is because of this time commitment that the level of BA is so important, as time taken being a councillor can so often conflict with paid employment. Appendix A includes comparisons between those answering our survey and the Somerset population, generally, and a survey of councillors run by the LGA. SCC ran sessions for potential candidates before the 2017 elections and produced a useful brochure. SCC also collects diversity information for those elected. However, it would be useful to the Panel to know about all of those considering standing for election, and not just standard criteria but also working patterns, geographic location, travel time to Taunton and socio-economic background.

One member also expressed the view that there is a need at the other end of a period of service to ensure that members leaving office should receive advice or support on how to resume their normal (that is, pre-councillor) life.

- 6.2 Having looked at the nearest neighbour councils the Panel is of the view that the BA is set at an appropriate level. SCC is not an outlier, with the BA falling within the range of its peers. Members who answered the questionnaire overwhelmingly asserted that the BA was important to them and the Panel feel it is at a level sufficient to reassure potential candidates for election.

The Panel still feels that adjusting allowances in line with inflation is correct, but continue to stress that a widely recognised measure should be used, hence previous recommendations for CPIH; one that better reflects the opportunity cost of gainful employment in the wider world lost in order to commit to the responsibility of elected office. It is felt that this is a more easily defended argument with the public.

- 6.3 Sections 5.1 and 5.2 set out the Panel's criteria for setting SRAs. As is said, all members are entitled to a BA. Certain roles can also be paid an SRA but it is up to the Council to determine which roles, and how much, should be paid. The SRA banding system for the current financial year is attached as appendix B.

It is noted that SCC abides by the "one person, only one SRA guiding rule", but does not restrict the number of SRAs to 50% or less. The Panel believes it is important that SRAs should remain "special" and so see this as a matter of concern. To comply with the "50%" rule the number of SRAs payable would need to be reduced by six.

The Panel recognises that although the scheme has more than 50% SRAs, not all of them are paid as some members carry out two or more special responsibilities but are only paid for one of them. There are six Opposition Spokesperson roles and one Vice Chair role for which payment is made.

All the peer councils pay certain SRAs, but as you get further down the pyramid of responsibility there is less correlation across those councils. The actual amounts paid are generally within the range of those peers, it is the number of positions attracting an SRA which is the issue if the principle of 50% is to be followed. Of course, the



positions can remain, it is the payment of an SRA which is the issue.

The positions which the Panel would identify as having a weaker case attracting an SRA are:-

- Junior Cabinet Member;
- Opposition Spokesperson; and
- Vice-Chairs (other than Vice-chair of Scrutiny and Vice-chair of Council).

When the Panel made its recommendation for Junior Cabinet Members in 2017 the details of the roles were new and untried, and the Panel may therefore have set the roles at too high a level in the pyramid.

6.4 As can be seen from table 5 above there is a correlation between the average SRA for most of the roles listed in peer councils, and at SCC. And they all fall within the range (for Vice-chair of Scrutiny, see section 5.8 above). As a consequence, the Panel feel that it is not necessary to change the pyramid of responsibility at SCC nor the banding system currently in operation, but with the following exceptions: -

- if the roles of Junior Cabinet Members are to remain as detailed in the constitution, they should be moved to Band 7;
- the case for role of Opposition Spokesperson to be paid to six individuals is not strong and the roles should no longer benefit from an SRA (see 5.7 above);
- the roles of Vice-chair of Regulation and Audit Committees should no longer benefit from an SRA (see 5.8 above);
- the role of Vice-chair of Scrutiny should be moved into Band 6 (see 5.8 above).

6.5 In 2017 the Panel recommended that “group leaders of small political groups should qualify for SRA payments based on group size” and it can be seen from table 5 that this is also the position taken up by other councils. However, this was not agreed by the Council at that time. But, as part of a process of reducing the number of SRA entitlements, this could be looked at again. Amongst the peer councils, minimum numbers of members needed to warrant an SRA for Group Leader were 2, 7, 8 or 9.

6.6 Accordingly the Panel RECOMMEND that:-

1. the Council consider the way in which information is provided to help potential candidates decide whether to stand for election and survey such potential candidates, to include finding out through a questionnaire how important the level of BA is to their decision together with working patterns, geographic location, travel time to Taunton and socio-economic background;
2. the council undertakes exit interviews with members leaving office which would include identifying if they are in need of advice or support in returning to pre-councillor life;
3. the level of BA be increased by inflation from April 2021 as determined by CPIH published in April 2021 (rather than a rise linked to officer pay levels);
4. if the roles of Junior Cabinet Members are to remain as detailed in the

- constitution, they should be moved to Band 7;
5. the role of Opposition Spokesperson should no longer benefit from an SRA;
  6. the roles of Vice-chair of Regulation and Audit Committees should no longer benefit from an SRA;
  7. the role of Vice-chair of Scrutiny should be moved into Band 6.
  8. the Council consider removing the payment of an SRA to Opposition Group Leaders whose membership is below a certain level.
- 
9. whilst the Panel feel there is an argument for looking at travel and subsistence rates in the SCC Scheme of Allowances for Members in a future fundamental review, for this year travel allowances to be adjusted in accordance with rates set by HM Revenue and Customs (HMRC) from time to time and subsistence allowances to remain linked to increases in staff subsistence rates.

John Thomson

Chair, Joint Independent Remuneration Panel

27 January 2021

## Questionnaire

We wondered how representative the membership of the Council was of the population in Somerset and asked some specific questions in the questionnaire to find out. It must be remembered that this is a snapshot and that not all members have completed the survey. Readers should also note that the survey was simple (to ensure a quick response) and answers have been aggregated for the sake of comparison.

There was no obligation to complete the questionnaire but 36 members (out of a maximum of 55) did so, a 65% response rate.

Table A1

### Age of councillors completing survey, compared with Somerset adult population

Age group	Survey %	Somerset %
18-34	0	21
35-64	54	48
65+	46	31

Source: Panel Questionnaire/Nomis population estimates, 2019, figures rounded. The Panel has been advised that 3 SCC members are aged below 35.

Table A2

### Ethnicity of councillors completing survey, compared with Somerset population

	Survey %	Somerset %
Minority ethnic background	2.7	5.4

Source: Panel Questionnaire/2011 census

Table A3

### Gender of councillors completing survey, compared with Somerset population

	Survey %	Somerset %
Male	68	49
Female	32	51

Source: Panel Questionnaire/Nomis population estimates, 2019

## Disability

Of those answering the Panel's questionnaire, 8% considered that they had a disability. At the time of the 2011 census, 18.8% of Somerset's population said they had a long-term condition or disability which limited their day-to-day activities a lot or a little.

We also wondered how representative SCC Councillors were of councillors as a whole and compared the questionnaire results with a national survey of councillors carried out by the Local Government Association (LGA) in 2018.

### Table A4

#### Employment Status of councillors completing survey, compared with LGA survey

	Survey %	LGA %
Employed (to some extent)	57%	26%
Retired (completely)	14%	45%
Other	30%	29%

Source: Panel Questionnaire/LGA survey 2018

#### Employment Status of councillors completing survey

	SCC Survey	Survey %
Employed (full time)	7	19%
Employed (part time)	5	14%
Retired and employed	3	8%
Retired and self-employed	6	16%
Retired	5	14%
Not employed / Other	11	30%

Source: Panel Questionnaire

### Table A5

#### Gender of councillors completing survey, compared with LGA survey

	Survey %	LGA %
Male	68	63
Female	32	36

Source: Panel Questionnaire/ LGA survey 2018

Table A6

Age of councillors completing survey, compared with LGA survey

Age group	Survey %	LGA %
65+	46	43

Source: Panel Questionnaire/LGA survey 2018 - Under 65s not comparable

Table A7

Ethnicity of councillors completing survey, compared with LGA survey

	Survey %	LGA %
Minority ethnic background	2.7	4.0

Source: Panel Questionnaire/LGA survey 2018

Disability

Of those answering the Panel's questionnaire, 8% considered that they had a disability. At the time of the LGA 2018 survey, 16% had a long-term health problem or disability which limited their daily activities.

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**SRA BANDING SYSTEM - Total banded Allowances 2020/21**

<b>Member Role</b>	<b>Rate of Allowance from 1/4/20</b>		
	<b>Basic £</b>	<b>SRA £</b>	<b>Total £</b>
<b>Band 1: BA x 3:</b> Council Leader	<b>11,540</b>	<b>34,620</b>	<b>46,160</b>
<b>Band 2: BA x 1.79</b> Deputy Leader (with Cabinet responsibilities)	<b>11,540</b>	<b>20,657</b>	<b>32,197</b>
<b>Band 3: BA x 1.6</b> Cabinet member	<b>11,540</b>	<b>18,463</b>	<b>30,003</b>
<b>Band 4: BA x 0.9:</b> Opposition Leader (Liberal Democrat) Chair of County Council	<b>11,540</b>	<b>10,386</b>	<b>21,926</b>
<b>Band 5: BA x 0.6</b> Chair of Regulation, Audit and Scrutiny Committees Junior Cabinet Members	<b>11,540</b>	<b>6,924</b>	<b>18,464</b>
<b>Band 6: BA x 0.2</b> Chair of Pensions Committee Chair of Constitution & Standards Committee Vice-Chair of County Council	<b>11,540</b>	<b>2,308</b>	<b>13,848</b>
<b>Band 7: BA x 0.1</b> Opposition Group Spokespersons Vice-Chair of the Regulation, Audit and Scrutiny Committees Deputy Leader (Liberal Democrat Group) Group Leader (Labour, Independent and Green Groups)	<b>11,540</b>	<b>1,154</b>	<b>12,694</b>

In addition, co-opted members of the Standards Committee receive a Co-opted Members Allowance of £577 p.a., which equates to Basic Allowance x 0.05.

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**PROPOSED SRA BANDING SYSTEM - Total banded Allowances  
2021/22 (if agree all JIRP recommendations and based on CIPH  
inflation rate of 0.8%)**

<b>Member Role</b>	<b>Rate of Allowance from 1/4/21</b>		
	<b>Basic £</b>	<b>SRA £</b>	<b>Total £</b>
<b>Band 1: BA x 3:</b> Council Leader	<b>11,632</b>	<b>34,897</b>	<b>46,529</b>
<b>Band 2: BA x 1.79</b> Deputy Leader (with Cabinet responsibilities)	<b>11,632</b>	<b>20,821</b>	<b>32,453</b>
<b>Band 3: BA x 1.6</b> Cabinet member	<b>11,632</b>	<b>18,611</b>	<b>30,243</b>
<b>Band 4: BA x 0.9:</b> Opposition Leader (Liberal Democrat) Chair of County Council	<b>11,632</b>	<b>10,469</b>	<b>21,101</b>
<b>Band 5: BA x 0.6</b> Chair of Regulation, Audit and Scrutiny Committees <del>Junior Cabinet Members</del>	<b>11,632</b>	<b>6,979</b>	<b>18,611</b>
<b>Band 6: BA x 0.2</b> Chair of Pensions Committee Chair of Constitution & Standards Committee Vice-Chair of County Council <b>Vice-Chair of Scrutiny Committees</b>	<b>11,632</b>	<b>2,326</b>	<b>13,958</b>
<b>Band 7: BA x 0.1</b> <b>Junior Cabinet Members</b> <del>Opposition Group Spokespersons</del> <del>Vice-Chair of the Regulation, Audit and Scrutiny Committees</del> Deputy Leader (Liberal Democrat Group) <del>Group Leader (Labour, Independent and Green Groups)??</del>	<b>11,632</b>	<b>1,163</b>	<b>12,795</b>

In addition, co-opted members of the Standards Committee receive a Co-opted Members Allowance of £582 p.a., which equates to Basic Allowance x 0.05.

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**PROPOSED SRA BANDING SYSTEM - Total banded Allowances 2021/22 (if agree all JIRP recommendations and based on CIPH inflation rate of 0.8%)**

Member Role	Rate of Allowance from 1/4/21		
	SRA Total per role £	SRA total of all roles without changes to bandings £	SRA total of all roles with the proposed changes to bandings £
<b>Band 1: BA x 3:</b> Council Leader (x1)	<b>34,897</b>	<b>34,897</b>	<b>34,897</b>
<b>Band 2: BA x 1.79</b> Deputy Leader (with Cabinet responsibilities) (x1)	<b>20,821</b>	<b>20,821</b>	<b>20,821</b>
<b>Band 3: BA x 1.6</b> Cabinet member (x9)	<b>18,611</b>	<b>167,499</b>	<b>167,499</b>
<b>Band 4: BA x 0.9:</b> Opposition Leader (Liberal Democrat) Chair of County Council (x1)	<b>10,469</b>	<b>10,469</b>	<b>10,469</b>
<b>Band 5: BA x 0.6</b> Chair of Regulation, Audit and Scrutiny Committees (x5) Junior Cabinet Members—(x2)	<b>6,979</b>	<b>48,853</b>	<b>34,895</b>
<b>Band 6: BA x 0.2</b> Chair of Pensions Committee (x1) Chair of Constitution & Standards Committee (x1) Vice-Chair of County Council (x1) <b>Vice-Chair of Scrutiny Committees (x3)</b>	<b>2,326</b>	<b>6,978</b>	<b>13,956</b>
<b>Band 7: BA x 0.1</b> <b>Junior Cabinet Members (x2)</b> <del>Opposition Group Spokespersons (x8)</del> <del>Vice-Chair of the Regulation, Audit and Scrutiny Committees (x5)</del> Deputy Leader (Liberal Democrat Group) (x1) Group Leader (Labour, Independent and Green Groups)?? (x3)	<b>1,163</b>	<b>19,771</b>	<b>3,489</b>
	<b>Total</b>	<b>309,288</b>	<b>286,026</b>

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Somerset County Council

County Council

– 17 February 2021

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**Requisitioned Item**

Cabinet Member: All

Division and Local Member: All

Lead Officer: Scott Wooldridge – Monitoring Officer

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

Contact Details: (01823) 357628

**1. Pilot Studies for Universal Basic Income**

- 1.1** The following requisitioned item will be proposed by Cllr John Clarke and seconded by Cllr Tessa Munt:

In recognising the impact of the Covid-19 pandemic on Somerset's residents' incomes, and the urgent need to reduce inequality, disadvantage and poverty, this Council calls on the Leader:

1. To write to the Chancellor of the Exchequer, Somerset's MPs and the Secretary of State for Work & Pensions requesting the UK Government undertakes pilot studies for the Universal Basic Income, and that Somerset be included in any pilot.
2. That such pilot studies gather evidence of the effectiveness of a Universal Basic Income on reducing inequality, disadvantage and poverty.
3. That the Leader sends a copy of any responses from The Chancellor of the Exchequer, Somerset's MPs and the Secretary of State for Work & Pensions to all Somerset County Council Members as and when replies are received.

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Somerset County Council

County Council  
– 17 February 2021

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## **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 - Strategic Manager – Governance & Democratic Services and Monitoring Officer

Author: Mike Bryant – Governance Specialist - Democratic Services

Contact Details: 01823 357628

### **1. Summary**

- 1.1. This report covers key decisions taken by the Leader, Cabinet Members and officers between 10 November 2020 and 8 February 2021, together with the items of business discussed at the Cabinet meetings on 16 December 2020, 20 January 2021 and 8 February 2021.

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 held on 16 December 2020, 20 January 2021 and 8 February 2021 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.

<b>LEADER OF COUNCIL – Cllr David Fothergill</b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Decision by the Leader to submit the final One Somerset Business Case	3 December 2020 by Leader of the Council	<p>SUMMARY OF DECISION: This decision authorised the submission of the final One Somerset Business Case (v 1.3) to the Secretary of State, Ministry of Housing, Communities and Local Government. The report further authorised the Chief Executive to undertake further negotiations with the Ministry of Housing, Communities and Local Government regarding Local Government Reorganisation to support the creation of a new unitary council for Somerset.</p> <p>Note – Special Urgency was invoked to allow the immediate consideration and implementation of this decision.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Corporate Performance Report – Quarter 2 - 2020/21	16 December 2020 by Cabinet	<p>SUMMARY OF DECISION: The Cabinet agreed the Corporate Performance Report Quarter 2020/21 and appendices as the latest position for the Council against its Vision to ensure effective monitoring and management of the performance towards the outcomes laid out in the Council’s Business Plan.</p> <p>The report highlighted areas of success including: the County Hall A-Block refurbishment, the Climate Change Strategy; the continued low levels of residential and nursing placements, the work of the Contact Centre and the use of digital technologies. The report also highlighted areas of concern including Connecting Devon and Somerset Phase 2 and the Flu Action Plan.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p>



**LEADER OF COUNCIL** – *Cllr David Fothergill*

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
		REASONS FOR DECISION: As set out in the officer report.

**RESOURCES** – *Cllr Mandy Chilcott*

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Procurement for the Supply of a Payroll System to Deliver HR Admin and Payroll Services to Public Sector External Clients	19 November 2020 by Director of HR & Organisational Development	<p>SUMMARY OF DECISION: This decision authorised the award of a contract for the supply of a payroll system to deliver HR Admin and Payroll services to public sector external clients to the successful supplier following a procurement exercise.</p> <p>HR Admin and Payroll deliver a service to 34 external clients (involving 5500 individuals), including Academy Schools, Multi Academy Trusts and other Public Sector bodies.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Revenue Budget Monitoring Report - Month 7	16 December 2020 by Cabinet	<p>SUMMARY OF DECISION: This report highlighted the Forecast underspend for the year of £1.896m as at the end of October 2020. The report further noted the difficulties of budget reporting and projections during the on-going pandemic.</p> <p>The decision agreed by the Cabinet authorised the use of £0.4m from the Corporate Priorities reserve in relation to One Somerset activities / implementation and agreed to transfer £0.41m from Budget Equalisation Reserve to Parking Reserve.</p>

<b>RESOURCES – Cllr Mandy Chilcott</b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
		<p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Medium Term Financial Report 2020/21	16 December 2020 by Cabinet	<p>SUMMARY OF DECISION: This report highlighted current progress towards producing a balanced revenue budget for 2021/22 and an extended capital programme for the 2021/22 financial year.</p> <p>The report made clear reference to the impact of the on-going pandemic, the lack of information regarding longer term funding for Local Authorities and noted that more detailed proposals would be brought to the February Cabinet meeting for consideration.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Revenue Budget Monitoring Report – Month 8	20 January 2021 by Cabinet	<p>SUMMARY OF DECISION: This report highlighted the forecast underspend for the year of £1.444m as at the end of November 2020. The report further noted that the Month 9 budget monitoring report would include a summary of the Covid-19 funding received to date.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>

<b>RESOURCES – Cllr Mandy Chilcott</b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Medium Term Financial Report 2020/21	20 January 2021 by Cabinet	<p>SUMMARY OF DECISION: This report sought approval for the draft 2021/22 Revenue Budget and Capital Scheme proposals (with removal of proposed savings ECI 2.1, 2.2, 2/3 relating to highways high amenity grass cutting) as the basis for consulting the Policies &amp; Place Scrutiny in February. The report highlighted increases to the Adults and Children’s Services budgets of £10.174m and £8.976m respectively.</p> <p>The report also highlighted the creation of a specific Covid-19 Reserve to provide additional financial resilience and sought approval for Schools Block Funding.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Apprenticeship Programme Contracting	29 January 2021 by Director of HR & Organisational Development	<p>SUMMARY OF DECISION: This decision authorised the contracting of an Apprenticeship Training Framework with successful training providers following a competitive tender exercise.</p> <p>The report noted that SCC has access to a substantial apprenticeship levy pot (c.£1m per annum) which offers funded apprenticeships across the organisation and within wider businesses across Somerset.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Revenue Budget	8 February 2021 by	SUMMARY OF DECISION: The report highlighted the forecast underspend for services

<b>RESOURCES – Cllr Mandy Chilcott</b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Monitoring Report – Month 9	Cabinet	<p>of £2.175m as at the end of December and noted and likely carry forward requests in ECI for schemes that have not been able to be progressed. The report also approved the net allocation of £0.159m from the Covid-19 Emergency Fund to services as detailed in the report, whilst also detailing the differing Covid funding streams and associated reporting requirements.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Capital Budget Monitoring Report 2020/21 Qtr 3	8 February 2021 by Cabinet	<p>SUMMARY OF DECISION: This report saw the Cabinet note the forecasted position for the end of this financial year. The report specifically highlighted that the overall five-year programme is currently forecasting a favourable variance of £13.476m in part due to a review of approvals in Early Years, in which £9.264m is no longer required as the projects have been managed through condition and remedial works</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Medium Term Financial Plan 2021/22	8 February 2021 by Cabinet	<p>SUMMARY OF DECISION: This budget report set out spending plans for the next three years and highlighted areas of priority to support residents across Somerset.</p> <p>The report highlighted the difficulties of robust budget preparation during the on-going pandemic, noting additional costs and pressures which have been highlighted in budget monitoring reports throughout the year. The report further drew attention to</p>

**RESOURCES** – Cllr Mandy Chilcott

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
		<p>difficulties in medium term financial planning given the lack of information regarding longer term Government funding, referencing delays to the Fair Funding and Business Rate Retention reviews.</p> <p>The Cabinet approved the General Fund net revenue budget for 2021/22 of £356,072,100 and the Capital Programme for 2021/22 of £152.138m.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Treasury Management Strategy Statement 2021-22	8 February 2021 by Cabinet	<p>SUMMARY OF DECISION: This report requested that the Cabinet endorse and recommend for approval by full Council the Treasury Borrowing Strategy, the Treasury Investment Strategy and adopt the Prudential Treasury indicators. In addition the Cabinet noted the Treasury Management Practices attached as an appendix to the report.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>

<b><i>ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall</i></b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Approval to accept Getting Building Funds for the Bruton Enterprise Centre	30 November 2020 by Director of Finance and the ECI Commissioning Director.	<p>SUMMARY OF DECISION: The Bruton Enterprise Centre (BEC) project will deliver enterprise centre space including office and light industrial accommodation for SMEs. This decision will allow for further grant funding to be secured for the Bruton Enterprise Centre.</p> <p>The decision specifically authorised Somerset County Council to enter into a Grant Funding Agreement with the Heart of the South West (HotSW) Local Enterprise Partnership (LEP) relating to an award of £816,000 of Getting Building Fund monies (this reduced the amount of existing SCC capital reserves needed for the project).</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report</p>
Decision to allocate funds from the SCC capital approvals for the delivery of the Chard Enterprise Park Phase 2	16 December 2020 by Economic and Community Infrastructure Commissioning Director	<p>SUMMARY OF DECISIONS: This decision confirmed Somerset County Council's allocation within the SCC Capital Approvals to fund the design and build of phase 2 of the Chard Enterprise Park (CEP). This will specifically enable construction of Phase 2 of the Chard Enterprise Park simultaneously alongside Phase 1 which will form part of the Somerset Enterprise Network (it is expected that simultaneous delivery will result in cost savings due to economies of scale).</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report</p>
Decision regarding	22 December 2020	SUMMARY OF DECISION: Connecting Devon and Somerset (CDS) is a local

**ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall**

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Connecting Devon and Somerset (CDS) contracts Lots A and B	by Director Economic and Community Infrastructure Commissioning and the Director of Finance	<p>government-led partnership which is working to extend superfast broadband infrastructure in areas where commercial providers do not plan to deliver a Next Generation Access (NGA) broadband service. NGA broadband is a service capable of delivering download speeds of at least 30Mbps. Somerset County Council is the Accountable Body for the CDS partnership. CDS are now part way through the Extending Next Generation Access (NGA) Broadband &amp; Gigabit Access OJEU procurement.</p> <p>Following a competitive procurement exercise eligible bids were received for Lots A-F and an evaluation process has taken place (a strategy of 'lots' was approved under a previous non-key decision).</p> <p>This decision agreed terms and conditions and entered into grant funding agreements with The Secretary of State for Culture Media and Sport in relation to funding of superfast broadband for Lots A &amp; B.</p> <p>The Lot A covers North Somerset, Bath &amp; North East Somerset Administrative areas and includes Bath and Weston-Super-Mare. The Lot B includes Wells, Glastonbury and Burnham on Sea and includes the Mendip Hills.</p> <p>Note – Special Urgency was invoked to allow the immediate consideration and implementation of this decision.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report</p>

***ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall***

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>



**ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall**

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Decision regarding Connecting Devon and Somerset (CDS) contracts Lots C, E and F	22 December 2020 by Director Economic and Community Infrastructure Commissioning and the Director of Finance	<p>SUMMARY OF DECISION: Connecting Devon and Somerset (CDS) is a local government-led partnership which is working to extend superfast broadband infrastructure in areas where commercial providers do not plan to deliver a Next Generation Access (NGA) broadband service. NGA broadband is a service capable of delivering download speeds of at least 30Mbps. Somerset County Council is the Accountable Body for the CDS partnership. CDS are now part way through the Extending Next Generation Access (NGA) Broadband &amp; Gigabit Access OJEU procurement.</p> <p>Following a competitive procurement exercise eligible bids were received for Lots A-F and an evaluation process has taken place (a strategy of 'lots' was approved under a previous non-key decision).</p> <p>This decision agreed terms of entered into grant funding agreements with The Secretary of State for Culture Media and Sport in relation to funding of superfast broadband for Lots C, E and F and authorised entering into a contact with the winning bidders for Lots C, E and F.</p> <p>The Lot C area covers the north of Somerset adjacent to the Bristol Channel and Exmoor National Park and includes the Quantock Hills. The Lot includes Taunton and Bridgwater and the new Hinckley C Power Station site. The Lot E area covers part of central Devon and borders Somerset, Exmoor National Park and Exeter. Runs along the East Devon coast from the Exe Estuary to Dorset. This Lot include the East Devon AONB, part of the Blackdown Hills AONB and tons of Exmouth, Honiton, Sidmouth and the city of Exeter. The Lot F area runs form the Exe Estuary and covers part of the South Devon coast. IT runs along the coast, borders Dartmoor National Park, includes the</p>

***ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall***

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
		<p>towns of Newton Abbot, Teignmouth, Dawlish, Dartmouth, Kingsbridge and includes the South Devon AONB.</p> <p>Note – Special Urgency was invoked to allow the immediate consideration and implementation of this decision.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report</p>

***ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall***

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Decision regarding Connecting Devon and Somerset (CDS) contracts Lot D	22 December 2020 by Director Economic and Community Infrastructure Commissioning and the Director of Finance	<p>SUMMARY OF DECISION: Connecting Devon and Somerset (CDS) is a local government-led partnership which is working to extend superfast broadband infrastructure in areas where commercial providers do not plan to deliver a Next Generation Access (NGA) broadband service. NGA broadband is a service capable of delivering download speeds of at least 30Mbps. Somerset County Council is the Accountable Body for the CDS partnership. CDS are now part way through the Extending Next Generation Access (NGA) Broadband &amp; Gigabit Access OJEU procurement.</p> <p>Following a competitive procurement exercise eligible bids were received for Lots A-F and an evaluation process has taken place (a strategy of 'lots' was approved under a previous non-key decision).</p> <p>This decision agreed terms of and entered into grant funding agreement with The Secretary of State for Culture Media and Sport in relation to funding of superfast broadband for Lot D</p> <p>The Lot D area covers the south of Somerset bordering Dorset and Devon and includes Yeovil, Wincanton, Langport, Crewkerne and Chard.</p> <p>Note – Special Urgency was invoked to allow the immediate consideration and implementation of this decision.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report</p>

<b><i>ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall</i></b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Somerset Energy Innovation Centre Campus – Lease and Operating Arrangements	22 December 2020 by Director of Finance and Lead Director for Economic and Community Infrastructure & Director of Commissioning	<p><b>SUMMARY OF DECISIONS:</b> The Somerset Energy Innovation Centre (SEIC) campus at Woodlands Business Park in Bridgwater has been developed by Somerset County Council (SCC) to support development of the low carbon energy business sector in Somerset, notably including contributing to maximising the local economic benefits from Hinkley Point C. The scheme, therefore, seeks to support increased productivity and prosperity for Somerset.</p> <p>This decision agreed that the Council to enter into agreements for leases for SEIC buildings 2 and 3 in line with the heads of terms and exit from the European Regional Development Fund (ERDF) funding agreement and associated covenant with the Ministry for Housing, Communities and Local Government (MHCLG) for SEIC building.</p> <p>Note – Urgent Implementation was invoked to allow the immediate implementation of this decision.</p> <p><b>ALTERNATIVE OPTIONS CONSIDERED:</b> As set out in the officer report.</p> <p><b>REASONS FOR DECISION:</b> As set out in the officer report</p>
Endorsement of Somerset Recovery and Growth Plan	20 January 2021 by Cabinet	<p><b>SUMMARY OF DECISION:</b> This decision sought endorsement for the adoption of the Somerset Recovery and Growth Plan.</p> <p>The Somerset Growth Plan is a joint strategic plan to guide Somerset’s economic growth, the plan was initially developed in 2014 and subsequently amended to cover the period to 2030. The plan includes a co-ordinated Somerset approach and response to the socio-economic impacts of COVID-19 and longer-term growth opportunities.</p>

<b><i>ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall</i></b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
		<p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Future development of Joint Trading Standards Service	20 January 2021 by Cabinet	<p>SUMMARY OF DECISION: This report agreed the continuation and expansion of the successful joint service arrangement for trading standards with local authority partners in the Heart of the South West area.</p> <p>The decision specifically sought agreement to renew the current shared Trading Standards Service arrangement with Devon County Council and Torbay Council for a ten-year period starting from 1 April 2021, and endorsed the principle of expanding the current shared service arrangement to also include Plymouth City Council.</p> <p>The report highlighted that the shared service arrangements will enable SCC to meet its statutory obligations for trading standards whilst also benefitting financially from the scale economies associated with this arrangement.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Somerset Waste Partnership Draft Business Plan 2021 – 2026, Draft 2021/22	20 January 2021 by Cabinet	<p>SUMMARY OF DECISION: This decision sought approval for the Somerset Waste Partnership’s Draft Business Plan 2021-26, the Somerset Waste Partnership’s Draft Disposal Budget and approval of proposed revisions to the Waste Partnership’s Inter-Authority Agreement necessary to align it with the new collection contract and the</p>

***ECONOMIC DEVELOPMENT PLANNING AND COMMUNITY INFRASTRUCTURE – Cllr David Hall***

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Budget		<p>approach to the roll-out of Recycle More.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Approval to accept European Funding, under Priority Axis 2 – Enhancing equal access to lifelong learning (2.1)	20 January 2021 by Director of Finance and Director of Commissioning and Lead Director for Economic and Community Infrastructure	<p>SUMMARY OF DECISION: The approval of this decision will allow Somerset County Council to deliver the Somerset Skills for Growth Project, providing new upskilling opportunities to up to 2,100 participants in Somerset and will enable Somerset to draw down up to £2,078,053 of European Social funding.</p> <p>The decision specifically authorised Somerset County Council to enter into a Grant Funding Agreement with the DWP (Department for Work and Pensions) to deliver the Somerset Skills for Growth Project, and it was highlighted that that the Council's Economy and Planning Team would undertake the role of accountable body, as the lead applicant for this funding.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>

**ADULT SOCIAL CARE** – *Cllr David Huxtable*

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
No individual decisions	n/a	n/a

**CUSTOMERS AND COMMUNITIES** – *Cllr Christine Lawrence*

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
No individual decisions	n/a	n/a

**PUBLIC HEALTH AND WELLBEING AND CLIMATE CHANGE** – *Cllr Clare Paul*

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Joint Strategic Needs Assessment (JSNA) - Health Impacts of the Climate Emergency	16 December 2020 by Cabinet	<p>SUMMARY OF DECISION: The production of a Joint Strategic Needs Assessment (JSNA) is a statutory requirement, in this instance the JSNA has been prepared in conjunction with the Somerset Climate Emergency Strategy.</p> <p>Following the declaration of a 'climate emergency' and the adoption of a Climate Strategy, this report detailed how the response to the emergency can also yield significant health benefits.</p> <p>The recommendations specifically saw Cabinet endorse the report, use available evidence to respond to climate change in the County and further use available evidence to promote the complementary benefits of carbon reduction and public</p>

***PUBLIC HEALTH AND WELLBEING AND CLIMATE CHANGE – Cllr Clare Paul***

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
		health.  ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.  REASONS FOR DECISION: As set out in the officer report.

***CHILDREN AND FAMILIES – Cllr Frances Nicholson***

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
LGO investigation outcome	16 December 2020 by Cabinet	<p>SUMMARY OF DECISION: This report considered the findings of a Local Government Ombudsman Review. The report saw the Cabinet consider the LGO recommendations and approve the actions undertaken by Children’s Services in response to the report.</p> <p>The report acknowledged two of the LGO recommendations: to apologise and pay compensation; and remind those responsible for the conduct of placement panels that there must always be a record of what information they consider and of the rationale for their placement decisions. It was also noted that there was ongoing communication with the Ombudsman regarding a third recommendation relating to s.47 of the Children Act 1989 and risk from a sibling.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>





<b>EDUCATION AND COUNCIL TRANSFORMATION – Cllr Faye Purbrick</b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Creation of New Academies in Somerset	19 November 2020 by The Cabinet Member for Education and Council Transformation and the Lead Director for Economic and Community Infrastructure & Director of Commissioning	<p>SUMMARY OF DECISION: This decision authorised the County Council to enter into a Commercial Transfer Agreements relating to the transfer of the staff, assets and contracts of the following schools: Neroche Primary School; and Lyngford Park Primary School.</p> <p>To facilitate these transfers the report further approved: the grant of a 125 year leasehold interest in the Lyngford Park Primary School to the Richard Huish Trust; the statutory transfer of the Neroche Primary School site to the Uffculme Academy Trust; and authorised appropriate officers under delegation to undertake all necessary actions to give effect to the above.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>
Proposed 14 Class Primary School at Orchard Grove housing development, Comeytrowe	20 January 2021 by Cabinet	<p>SUMMARY OF DECISION: Following the approval of the Council’s Capital Investment Programmes 2018/19 this report sought authority to commence delivery of this project at a gross maximum cost (as detailed in a confidential appendix).</p> <p>The report highlighted that the new school will serve the Orchard Grove housing development which will eventually provide 2000 new homes in the south west of Taunton, and noted that existing schools in the area cannot be expanded to meet the demand.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p>

**EDUCATION AND COUNCIL TRANSFORMATION** – *Cllr Faye Purbrick*

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
		REASONS FOR DECISION: As set out in the officer report.

<b>HIGHWAYS AND TRANSPORT – Cllr John Woodman</b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Establishment of a new Passenger Transport Dynamic Purchasing System (DPS)	16 December 2020 by Cabinet	<p>SUMMARY OF DECISION: This report approved the establishment of a new Dynamic Purchasing System (DPS) for the provision of Passenger Transport Services to take effect from 1st April 2021 and to continue for an initial period of five years, with rights for the Council to extend by two further periods of two years each. In addition, the report approved the publication of a contract notice in the OJEU (Official Journal of the European Union), advertising the DPS (Dynamic Purchasing System) and inviting suppliers to submit their expressions of interest.</p> <p>The Cabinet agreed that the Council lets the majority of its passenger transport contract portfolio through this system for an initial period of five years, in accordance with the award and call-off ordering procedure set out in the DPS agreement.</p> <p>The decision delegated authority to admit eligible suppliers to the DPS during its term by agreeing DPS agreements with each eligible supplier, and the authority to exercise the Council's right to extend the DPS agreement with suppliers for two further periods of two years each, subject to satisfactory performance.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>

<b>CROSS CUTTING – All</b>		
<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Admission	20 January 2021 by	SUMMARY OF DECISION: Local Authorities are required by the School Admissions

***CROSS CUTTING – All***

<b>Item</b>	<b>Date of Meeting</b>	<b>Summary of Decision</b>
Arrangements for Voluntary Controlled and Community Schools for 2022/23	Cabinet	<p>Code and associated legislation to determine their admission arrangements annually and Cabinet, acting as the Admission Authority for all Somerset Voluntary Controlled and Community schools is required to fulfil this function in relation to the 2022/23 admission arrangements.</p> <p>This decision specifically agreed: the Admission Arrangements for all Voluntary Controlled and Community Schools for 2022/23; a change to the over-subscription criterion for all Voluntary Controlled and Community Schools for 2022/23 for faith based over-subscription criteria; and a change to the definition of practicing in relation to faith based over-subscription criteria.</p> <p>ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.</p> <p>REASONS FOR DECISION: As set out in the officer report.</p>

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# Annual Report of the Constitution and Standards Committee

**Lead Member:** Cllr William Wallace, Chair of the Committee

**Lead Officer:** Scott Wooldridge, Strategic Manager - Governance and Democratic Services

**Contact Details:** (01823) 357628 or e-mail: swooldridge@somerset.gov.uk.

## 1. Summary

- 1.1. The Constitution and Standards Committee is required by the Constitution to make an annual report to the County Council. This report covers the period between June 2019 and December 2020 due to the impacts of Covid19 on reporting earlier in 2020.
- 1.2. The Constitution and Standards Committee was formed following the May 2017 elections and its functions include responsibility to maintain an effective, up to date and legally compliant Constitution; considering proposals from Council committees for changes to the constitutional arrangements of the Council; take all required decisions in respect of the County Council elections; promoting high standards of conduct by Members, Co-opted Members and Officers; monitoring the operation of the Members' Code of Conduct and the Council's Whistleblowing Policy.

## 2. Recommendations

- 2.1 **That the Council receives and notes the report on the Committee's work.**

## 3. Background

- 3.1. The Council at its meeting on 24th May 2017 agreed to amalgamate the Constitution Committee and the Standards Committee to form a new Constitution and Standards Committee.
- 3.2. Political proportionality was waived in relation to the elected membership of the Committee with one member per political group appointed. The co-opted members of the former Standards Committee were appointed to the new Committee as non-voting members and with a renewed term of office. In line with other committees, the County Council appoints the Chair of the Committee.
- 3.3. The Committee's operating arrangements are well established, and it is working well within its terms of reference.
- 3.4. The Committee has met a total of 4 times since May 2019.
- 3.5. Support to the Committee comes principally from the Monitoring Officer and County Solicitor.

## **4. Work Programme**

**4.1.** The Committee's work programme over the last year has been varied and has included:

- Disclosure and Barring Service checks for elected members (June 2019)
- Ethical Standards in Local Government-Report from Committee for Standards in Public Life. (June 2019)
- Scrutiny Task and Finish Group Protocol. (June 2019)
- Review of the Council's scrutiny arrangements (January 2020)
- Update of the Health and Wellbeing Board Constitution (January 2020)
- Officer Code of Conduct. (January 2020)
- Proposed Changes to the Contract Procedure Rules and Standing Orders. (February 2020)
- Ethical Standards in Local Government – Model Code of Conduct (July 2020)
- Annual report on standards of conduct 2019/20. (July 2020)
- Report of the Leader of the Council and the Chief Executive – Review of the Emergency Democratic and Decision-Making Arrangements for the Council. (July 2020)
- Whistleblowing Policy review (Dec 2020)
- Review of Members Code of Conduct (Dec 2020)
- Committee membership update. (Dec 2020)

## **5. Conclusions**

**5.1.** The Committee remains committed to promoting high standards of conduct by Members, Co-opted Members and Officers and for the policies and processes which support this aim, together with ensuring that the Council maintains an effective, up to date and legally compliant Constitution.

## **7. Consultations undertaken**

7.1. The Committee meetings are open to all County Councillors to attend and contribute to its meetings.

## **8. Implications**

8.1. The Committee considers carefully, and often asks for further information about the implications as outlined in, the reports considered at its meetings.

8.2. For further details of the reports considered by the Committee please contact the author of this report.

## **9. Background papers**



- 9.1.** Further information about the Committee including dates of meetings, agendas and reports from previous meetings are available via the Council's website and can be found at:

<http://democracy.somerset.gov.uk/ieListMeetings.aspx?CIId=244&Year=0m>

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

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Somerset County Council  
County Council – 17 February 2021

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## **Annual Report of the Cabinet Member for Public Health and Wellbeing and Climate Change**

Cabinet Member: Cllr Clare Paul, Cabinet Member for Public Health and Wellbeing and Climate Change

Division and Local Member: All

Lead Officer: Trudi Grant, Director of Public Health

Author: Cllr Clare Paul, Cabinet Member for Public Health and Wellbeing and Climate Change

Contact Details: [capaul@somerset.gov.uk](mailto:capaul@somerset.gov.uk)

### **1. INTRODUCTION**

- 1.1 It has been an unprecedented year for public health; the Covid-19 pandemic has touched every part of life and every Somerset resident. The impact has been significant and in particular we must reflect upon the hugely sad effect of 535 deaths in families across our county, as of the week ending 22<sup>nd</sup> January 2021. This report and others that follow will all build a picture of what worked well and what can be improved for the future.
- 1.2 This report therefore gives some insight into the hard work and considerable successes that the Public Health team delivered or enabled throughout a turbulent year in responding to Covid-19.
- 1.3 This report provides a high-level overview of the work undertaken in the past year under the whole of the Health and Wellbeing Portfolio. It focuses particularly on the excellent work done during the pandemic to maintain and improve the health of the local population.

### **2. COVID-19**

- 2.1 The World Health Organisation declared a Public Health Emergency of International Concern on the 30th January 2020. At this point the Public Health Cell stood up; capacity was diverted from less urgent public health development work to prepare. The Public Health Incident Room was set up on the 11th February to lead the local response. A major incident was declared by the Avon and Somerset Local Resilience Forum on the 19th March and the Somerset whole system response was established. At the time of writing, Somerset and the UK remains in a Major Incident, currently on National Alert Level 5.
- 2.2 Public Health leadership of the local epidemic has been of paramount importance. The relatively small team of highly trained Public Health Consultants and

Specialists employed by the organisation has had to be deployed right across the Somerset system, reaching into the regional and national systems, in order to provide the leadership and specialist and scientific public health advice to the system.

- 2.3 Initially, the Public Health Team led the response for both SCC and Somerset Clinical Commissioning Group, leading the stand up of both organisations and the whole health and care system. As the local epidemic progressed and Somerset cases started to increase, the specialist epidemiological surveillance and management of cases, outbreaks and clusters became the priority for the team, ultimately leading to a more formalised Local Outbreak Management Plan in July.
- 2.4 Whilst managing situations and outbreaks are a priority for the team, preventing outbreaks has also been a major focus. Communications and engagement with the local population, businesses and organisation was, and continues to be, essential to the public health response. The Covid-19 Engagement Board was established in July 2020 with the remit to ensure this important aspect of managing the pandemic is maximised.
- 2.5 Covid-19 has highlighted health inequalities. Differences in the risk and outcomes of people infected with Covid have demonstrated that age, where and how you live, deprivation, occupation, and pre-existing conditions all impact negatively on outcomes. Tackling health inequalities has always been at the very heart of public health, but Covid has shone a light on just how important this issue is now and going forward.
- 2.6 Strongly related to inequalities, is the need for us to improve the health and wellbeing of our population overall. Those with existing health conditions (some of which are preventable) have been particularly vulnerable to the virus.
- 2.7 Maintaining health improvement work has continued to be a priority for this year but has been somewhat refocused to assist with the emergency. The team has delivered much of this work through digital routes, at a time when face to face delivery has not been possible. Covid-19 has provided opportunities to increase healthy lifestyle behaviours – for example, walking and cycling during the lockdowns. However, it has resulted in increased unhealthy behaviours with many reporting weight gain and increased alcohol consumption.
- 2.8 The Director of Public Health leads on health protection, ensuring that appropriate arrangements are in place, escalating concerns and holding local partners to account. This assurance role has meant providing strategic challenge to health protection plans and arrangements produced by partner organisations. This applies to important programmes including vaccination and testing.
- 2.9 Over the last year more responsibility has moved to the Director of Public Health, with testing being a good example. There are many testing streams being

delivered through national and local programmes, with a community testing model for Somerset being approved by the Department of Health and Social Care currently.

### **Homelessness**

- 2.10 The pandemic has been particularly hard on the most vulnerable people in our society, including homeless people. Some of the worst health outcomes in society are experienced by those who are homeless and rough sleeping. The inability to socially distance, compounded by existing poor health, meant that this group were at high risk of severe complications from Covid-19. In the last year we have worked with partners in District Councils to co-ordinate support for all rough sleepers to come in off the streets.
- 2.11 Whilst the pandemic has been challenging on many levels, there have been many positives and the work with the homeless population is undoubtedly one of those. A greater connection has been made with homeless people which has enabled Somerset partners to provide faster and tailored access to health care, vaccinations and drug and alcohol services to name but a few.
- 2.12 Rough sleepers are a high-risk group for acquiring a blood-borne virus infection. Hepatitis B virus (HBV), Hepatitis C virus (HBV) and Human Immunodeficiency Virus (HIV) are the blood-borne viruses that cause the greatest burden of disease for at risk populations. A collaborative effort in Somerset has enabled us to offer blood-borne virus screening and treatment to those accommodated during the pandemic.
- 2.13 Results for those screened so far show that the majority of people are negative for blood-borne virus infection; however, of those with current infection, two thirds have successfully accessed treatment, with the remainder being supported into treatment. This will prevent the long-term consequences of a hepatitis infection, including cirrhosis and premature death.
- 2.14 Many people sleeping rough who were supported in response to the pandemic are now in stable accommodation and receiving the treatment and support they need for the first time in many years. We have used the crisis as an opportunity and continue to develop this important work, having recently been awarded funding for a homeless health service through the NHS Health Equality Partnerships Programme. Public Health are currently supporting the development of a new Homeless Reduction Board reporting to the Health and Wellbeing Board.

### **Building Stronger Communities**

- 2.15 The pandemic presented a challenge to the way we work with communities but did present opportunities. Many of the workstreams originally established for the

Somerset Improving Lives in Neighbourhoods programme have been adapted to support the coronavirus community and volunteer effort through the Community Resilience and Vulnerable People Cell.

- 2.16 Spark Somerset have been commissioned to co-ordinate and support Coronavirus volunteer groups. In the last six months, they have provided regular support to over 100 of these groups on top of 135 "other" volunteer groups and have provided over 700 volunteering opportunities.
- 2.17 Within the pandemic response, volunteers have been crucial. By distributing food and medicines, providing practical and wellbeing support, Somerset's communities have stood up to the challenge the pandemic has presented. Somerset County Council's own Volunteer Service has continued to support the organisation in recruiting and deploying volunteers where needed and where possible.

### **Covid-19 and Emotional Health and Wellbeing**

- 2.18 The impact of the pandemic on the mental and emotional wellbeing of the population has been significant. The effects of physical distancing, social isolation, and lockdown on individual mental wellbeing, as well as the loss of loved ones, added pressures of home-schooling financial pressures and worries, have all increased the mental health challenges for the Somerset population.
- 2.19 Support and resources to help people to look after their wellbeing have been a critical part of the Covid response. It has challenged all of us. Feelings of anxiety, worry or loneliness have been normal reactions to uncertainty and challenging times. A report published in Summer 2020 by the Centre for Mental Health forecasted a pandemic-related increase in demand for mental health services of 20%. The emotional wellbeing of children and young people and the clinically vulnerable (especially those having to "shield" at times) has been particularly impacted.
- 2.20 In response to this, Public Health, working with others, has developed a range of initiatives to support and promote wellbeing. Some of these are detailed below:
- Mindline: Additional investment has been provided to expand this day-time telephone service to be open 24 hours a day, 7 days a week. As the pandemic has progressed, this service has acted as the "front door" for mental health services. Since April, just over 20,000 calls have been made to this line.
  - Bereavement Support service: This service provides accessible and immediate support to those affected by bereavement (for any reason, not just COVID related) throughout the year.
  - Communications work: We have focused on providing regular and timely

public mental health messages through a range of media. "Wellbeing Wednesday" on BBC Radio Somerset has been particularly well supported. Running every Wednesday evening since Spring 2020, the show has now run 38 times and has covered a wide variety of wellbeing topics. It has been a great partnership with the local media, SCC, the voluntary sector and many other organisations that have become involved.

- Covid Champions was launched in November. The Covid Community Champions Network gives local people a role in helping their community to get up to date information and make the right choices to stay healthy. By the end of December, 133 people have registered to be a champion and over half have undergone training. Volunteers are from across Somerset, supporting community support groups, family and friends and across the community in general. Work is underway to focus on Covid volunteers in workplaces and to target particularly vulnerable groups.

### **3. IMPROVING THE HEALTH OF CHILDREN AND YOUNG PEOPLE**

#### **3.1 Health Visiting and School Nursing (Public Health Nursing)**

- 3.1.1 The Public Health Nursing Service (PHNS) became part of the Council on the 1<sup>st</sup> April 2019, joining with the existing public health team.
- 3.1.2 The work of the PHNS is underpinned and driven by the National Healthy Child Programme (HCP). This is an evidence-based programme for children, young people and their families which focuses on early intervention and prevention throughout 0-19 years of age. It offers a comprehensive programme of screening, testing, immunisations, developmental reviews, and information and guidance on parenting and healthy choices. We are expecting an update to the national Healthy Child Programme in 2021.
- 3.1.3 This has been a very challenging year for the service, which has had to contend with maintaining a safe level of service delivery during the Covid-19 pandemic. The service has focused on delivery of mandated contacts and prioritising families with higher need and vulnerabilities. It has further increased the use of digital technologies and approaches to maintain contact with families and has done well to maintain a high level of performance against the mandated contacts, including the new baby review at 84% for contacts within 10-14 days and 16% after 14 days for the year to date.
- 3.1.4 Health Visitors within the service received national recognition from the Institute for Health Visiting in August when their work to provide virtual support to new families was featured as a national exemplar case study.
- 3.1.5 The school nurses have demonstrated great flexibility adapting their offer to

schools throughout lockdown. The service has supported parents, families and schools with Covid-related queries, setting up playground Covid advice and information sessions. They have supported schools and early years settings with cases of Covid-19 and have contributed to the management of school outbreaks. The team has undertaken training as part of the Wellbeing for Education Return work and have had their contribution to the SEND agenda recognised and acknowledged by senior Education leaders, particularly the role they play in 'team around the school' meetings.

- 3.1.6 The PHNS is planning further service transformation to develop a seamless service for children, young people and their families to focus on early assessment, intervention and prevention, with the support of health and social care providers.

## 3.2 **Maternity and Early Years**

- 3.2.1 The prevention workstream of the Local Maternity System is led by the public health team. This year the system has given greater emphasis to the prevention agenda across all its workstreams. Key developments for the coming year include a significant commitment to address the challenges of maternal obesity and recruitment of a Public Health Midwife role.
- 3.2.2 Somerset LMS have this year launched a broad digital offer, including a comprehensive web-based maternity toolkit, a mum and baby app and a series of educational animations. There is an extensive launch spanning this winter and into next spring. The resources can be accessed anytime, anywhere and offer 24 hour access to information, promoting self-help and assessment and providing families with a support during the preconception, maternity and parenting journey.
- 3.2.3 In Somerset we are Going for Gold! We are working towards the acclaimed UNICEF Gold status in the Baby Friendly Initiative. The Gold Award is designed to help embed high quality care for the long term and requires an organisational culture that protects the Baby Friendly standards.
- 3.2.4 As part of this ambition, SCC has published a new policy to build on the support offered to staff entering and throughout their maternity journey. The SCC Working Well group are developing an eLearning module for all staff, and an additional module for managers, promoting the standards and raising expectations and the quality of support offered to all staff while transitioning into parenting and their return to work. Members of staff at SCC, on maternity leave and returning to work, have supported in the design of these developments.
- 3.2.5 Breastfeeding rates have remained fairly stable throughout this year, with more than half of mothers that initiate breastfeeding still continuing at 6-8 weeks and beyond, this is a marked increase on previous years. Breastfeeding prevalence at 6-8 weeks has been consistent in ranging from 54-64% in 2020, compared to



below 50% in 2019.

### **3.3 Wellbeing for Education Return (WfER)**

3.3.1 During the autumn term, Public Health, working in collaboration with partners in Educational Psychology, School Nursing and Young Somerset, developed and delivered a localised version of the Department for Education funded Wellbeing for Education Return Programme to schools.

3.3.2 Developed by the Anna Freud Institute and MindEd, the national Wellbeing for Education Return Programme seeks to better equip schools and colleges to promote children and young people's wellbeing, resilience and recovery in response to Covid-19. This training was delivered online and a total of 224 school staff completed the mandated training with 96% of those participating achieving a high understanding of wellbeing following the training (from 47% prior to the training). The mandated sessions 1 and 2, have been recorded by the local training team as a webinar and are available at:  
[www.supportservicesforeducation.co.uk/Event/128802](http://www.supportservicesforeducation.co.uk/Event/128802)

### **3.4 The Somerset Wellbeing Framework**

3.4.1 We now have 123 (over one third) of Somerset schools signed up to the Wellbeing Framework. Throughout the pandemic, schools have continued to engage with and share their wellbeing work. In order to capture, celebrate and evidence the fantastic and positive experiences of schools, a Celebration E-zine was produced. The Covid-19 pandemic has further highlighted the role schools can play in providing a safe and welcoming space for children to thrive, learn and grow...even in challenging circumstances: [Celebration E-Zine](#)

3.4.2 Throughout the duration of the initial lockdown, the Public Health Team has produced and distributed a series of wellbeing bulletins. Each bulletin took a focus on the Five Ways to Wellbeing with each bulletin including resources, information and weblinks for useful advice, activities, resources and apps in order to help families and children and young people through these difficult times.

### **3.5 Somerset LIFEbeat Youth Community**

3.5.1 In 2020, Public Health further developed the LIFEbeat youth community. Just prior to lockdown, LIFEbeat delivered our first Somerset Wellbeing Leaders residential with pupils from West Somerset College. The programme of activities explored the Five Ways to Wellbeing, and the young people learned tools and practices for developing their own personalised self-care plan.

3.5.2 In response to the national lockdown, LIFEbeat created the youth led "We Support You" campaign and held weekly online creative workshops for the Somerset youth network, as well as extending pastoral care support for families and carers. LIFEbeat have hosted two fantastic and creative LIFEbeat reunion events online,

with great commitment and participation from young people across Somerset. The link below is to a short film, produced to promote the reunion and remind the Somerset young people of their experiences at camp: [LIFEbeat Reunion 2020 on Vimeo](#).

### **3.6 Relationships, Sex and Health Education**

3.6.1 To support schools in their statutory offer around Relationships and Sex Education (RSHE), LIFEbeat has over 324 Somerset teaching professionals trained. In addition, the collaboration between Public Health and LIFEbeat has delivered a series of training sessions for school staff in response to Covid-19. Training included: re-building school communities, emotional literacy, creative community stories and staff wellbeing.

### **3.7 Adverse Childhood Experiences (ACEs)**

3.7.1 Growing evidence indicates that in the first three years of life, a host of biological and psychosocial adversity such as experiencing or witnessing violence, extreme poverty or living with adults that abuse alcohol and drugs, can affect a child's developmental trajectory and lead to increased risk of adverse physical and psychological health conditions. These specified traumatic events are often referred to as Adverse Childhood Experiences or ACEs.

3.7.2 Throughout this year Public Health has worked with colleagues across Somerset to look more closely at trauma-informed approaches and understand the relationship between ACEs and social communication development in children and young people.

3.7.3 Two pilot projects are currently underway in a small number of schools and Early Years settings looking at a whole system approach to trauma and adversity to understand how this approach could be used locally and how it could be expanded if appropriate. The projects finish in July 2021 when there will be a series of learning events to share the findings from the work.

## **4. IMPROVING THE HEALTH OF THE WHOLE POPULATION**

### **4.1 Smoking**

4.1.1 Our smoking service has not had a break in delivery and moved to a fully remote service from lockdown with telephone appointments and smoking medications delivered to people's homes. Since January 2020, the team has supported 1430 people in the service with 871 quitting, with a 60% quit rate. In addition, the smoking cessation service to support pregnant women has supported 297 mums since January 2020, with 153 quitting at a 51% quit rate.

## 4.2 **NHS Health Checks Programme**

4.2.1 NHS Health Checks is a national programme that provides people aged 40 to 74 with a cardiovascular risk assessment and lifestyle advice to help them stay healthy for longer. Health checks delivery was suspended nationally in March 2020 and remote 'Health MOTs' have been designed and delivered to Somerset residents since lockdown. As of the 14th December, a total 402 Health MOTs have been delivered. Health MOTs are telephone-based behaviour checks addressing physical activity, smoking, alcohol intake, weight and eating behaviour and mental wellbeing which include additional follow up appointments and signposting to local support services.

## 4.3 **Healthy Weight**

4.3.1 Somerset launched its SUGAR SMART campaign on 15<sup>th</sup> January 2020 at Minerva Primary School in Taunton. There are 34 local settings currently signed up to the campaign, which encourages individuals, families, and communities in the county to cut down on the amount of sugar consumed by making simple changes. Unfortunately, due to Covid restrictions the SUGAR SMART training has not continued during 2020, but there are plans to make this virtual in 2021.

4.3.2 The Zing community lifestyle service has been fully remote since March 2020 developing online support for residents including cookery videos, recipes, activity challenges for all ages and support for healthy lifestyles online.

4.3.3 A collaboration between Somerset Activity and Sports Partnership, Zing and the Taunton Health Visiting Team, has been piloting successful online exercise classes for new mums via Zoom since lockdown. These support mums to follow safe activity sessions, as well as meet other mums in the same situation and receive wider healthy lifestyle support, such as stopping smoking and healthy eating. This has developed into a Facebook and WhatsApp support group and provides a good development for the future.

4.3.4 Covid has further highlighted the risks of body weight for your health. Mapping the current weight management support across Somerset has identified gaps in delivery and support available. In partnership with the CCG, 2021 will see the start of a new focus on weight management in Somerset, an area that has been significantly underdeveloped and requires attention and investment. Additional funding has been secured with the CCG (£8,400) to develop a maternity healthy lifestyle and weight management offer, this will be the first area of development.

4.3.5 94% of eligible pupils in Somerset were measured in the National Child Measurement Programme. The results show that 23.4% of children in reception class were overweight or very overweight, and for those in Year 6 this increases to

31.8%. The 2020/21 programme will be dependent on local Covid restrictions.

4.3.6 Food access and healthy eating has been a particular focus during the pandemic and has highlighted the need for greater collaboration on this issue in the future, both ensuring access to nourishing food and growing spaces but also developing food and cooking knowledge and skills in our community. This needs to be a particular priority during the recovery phase of Covid, ensuring that Somerset communities build back stronger.

#### 4.4 **Physical Activity**

4.4.1 Covid has shown us there is another way of living in the 21<sup>st</sup> century, with less reliance on the car and a far greater emphasis placed on cycling and walking. From April 2021, Modeshift Stars have been commissioned to provide support with active travel plans for all schools and businesses across Somerset encouraging people to walk and cycle to school and business when they can.

4.4.2 Following a successful bid for National Lottery funding, led by Somerset Activity and Sports Partnership working with a range of Somerset partners, 'Beat the Street' was launched this year and ran from Wednesday 7<sup>th</sup> October – Wednesday 4<sup>th</sup> November 2020. Beat the Street is a real-life walking, cycling and running game for a whole community. Played outdoors in the local community, Beat the Street was the perfect way to get families back into action, off screens and out of the house, having fun and exercising together.

4.4.3 The target audience for the game was primary schools, early years settings, families, community teams and older people. In total 4,349 players registered their cards/fobs to play the game and travelled 45,737 miles across Bridgwater in one month. Overall, the project was a huge success with amazing feedback from all involved.

4.4.4 Despite the challenges this year, 2019 saw the launch of the Somerset Health Walks Scheme. This project has gone from strength to strength and to date we have 162 volunteer walk leaders, 135 walks and 995 walkers. The scheme has adapted in line with government guidelines to enable walks to continue and we have now converted the walk leader training to virtual delivery, which has been a huge success. 2021 will hopefully see further expansion of the scheme, linking in with new partners, additional new walks and themed walks.

#### 4.5 **Mental Health**

4.5.1 In addition to the COVID work on emotional health and wellbeing, the public health team have continued to have input to "Open Mental Health". This is the new model of delivering community mental health services for adults in Somerset with a far greater focus on preventative engagement and open access. Open Mental Health is one of twelve NHSE Trailblazer sites with national recognition through the NHS Transformation team, sharing the model at national conferences

and receiving endorsement from Claire Murdoch, NHS England Mental Health Director. The service is commissioned, and delivered, as a partnership between Somerset Foundation Trust and an alliance of nine voluntary sector organisations to ensure that residents of Somerset get the support they need, when they need it. This novel approach is enabling the discipline of public mental health to have greater reach.

4.5.2 Our work around suicide prevention has continued throughout this year. Whilst we are concerned that the impact of the pandemic could increase suicide rates, we have not yet seen this in the data. One practical approach to prevention of suicides is our acclaimed work on suicide prevention training. We aspired to achieve a target of 100 people to undertake the online training on Suicide Prevention Day. We ended up with over 600 participants!

#### 4.6 **Syrian Resettlement Programme**

4.6.1 The Public Health Team has continued to lead the co-ordination of the Syrian Vulnerable Persons Resettlement Programme across Somerset. The Resettlement Programme has gone from strength to strength. While disrupted by the pandemic, the families already in Somerset have continued to be supported.

4.6.2 There was a national delay to the further development of the service. We continue to wait for clarity from central Government about the future of the resettlement programme and its expansion to include refugees from outside Syria. We have used this time to focus on the structure and nature of the support offered to ensure we are promoting integration and independence for our Somerset families.

### 5. **PROTECTING THE HEALTH OF THE POPULATION**

The Director of Public Health has a statutory duty to ensure there are appropriate and tested arrangements in place to protect the population's health from chemical, biological and environmental risks. During 2020-21 the entire Public Health team has contributed to this important aspect of public health. Alongside the pandemic, non-Covid related threats to health have not stopped and were responded to and managed.

#### 5.1 **Non-Covid Health Protection**

5.1.1 During 2020-21, the Public Health Team responded to 24<sup>1</sup> non-Covid incidents and outbreaks ranging from chemical incidents, single cases of infectious disease and disease outbreaks. These numbers are significantly reduced on last year; probably as a result of the social distancing measures and improved hand hygiene measures in place that have prevented the spread of many infectious diseases.

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<sup>1</sup> At the time of writing, December 2020

- 5.1.2 After work undertaken last year, our local rates of invasive Group A Streptococcus are now at expected levels. This work included the implementation of new guidance for wound management and infection control.

### **Screening & Immunisations**

- 5.1.3 Delivery of both screening and immunisation programmes have been significantly impacted by the pandemic and regular reporting was also disrupted. The priority going into 2021 is to refocus on the national elimination of measles programme, that was put on hold during 2020-21.
- 5.1.4 This year has seen the best ever flu vaccination uptake. We have achieved uptake of over 80% of the 65 and overs, 55% of those at risk under 65, and over 60% of two and three year olds. Uptake in schools is close to 70% for all school years. Immunisation coverage is declining across other vaccine programmes; rates in Somerset are generally better than England, but are not optimal.

### **5.2 Sexual Health**

- 5.2.1 Sexual Health Services commissioned by SCC provide all forms of contraception including: emergency and long-acting reversible contraception (LARC), pregnancy testing, diagnosis and treatment of sexually transmitted infections (STIs), HIV testing (including rapid results point of care testing), FE college clinics, chlamydia screening for 15-24 year olds, advice on sexual abuse and abortion services, targeted sexual health outreach for young people at risk of poor sexual health and child exploitation, targeted sexual health promotion with at risk communities and groups, condom distribution and support for people living with HIV. During the pandemic the virtual delivery of many of these services, including online testing, was developed and has been well received by clients.
- 5.2.2 The new HIV Prevention and Health and Wellbeing Service provided by The Eddystone Trust commenced on the 1st April 2020. Due to Covid-19 they have not been able to provide services in the normal way, stopping all face to face contact. They are providing digital services for HIV positive clients and Netreach sessions giving information and advice for targeted prevention. Response to online support for people living with HIV has been positive and enabled more people to meet across the region.
- 5.2.3 The Somerset-Wide Integrated Sexual Health Service (SWISH) has increased the provision of online asymptomatic STI and HIV testing, which had been well received. The service now also provides outreach to vulnerable adults and has been able to deliver this through the pandemic, including support to the Nelson's Trust as part of the Pause programme.

### **5.3 Drugs and Alcohol**

- 5.3.1 Somerset services are consistently amongst the highest performing within their

comparator group at supporting people through treatment and into recovery. This is vitally important work, as around half of those in treatment have parental responsibilities and we need to protect children from the lifelong harm caused by exposure to adult substance use.

5.3.2 During the pandemic the service has continued to be delivered, but how it was delivered changed, moving mainly to remote online working.

5.3.3 In Somerset we are fortunate to have an excellent Peer Mentor programme within which ex-service users volunteer their time to support others. Several of our Peer Mentors have gone on into employment as a result of being involved in the programme. This service evolved over the pandemic, as peer support went virtual and many of our peer mentors were creative and developed their offer for clients.

#### 5.4 **Air Quality and Climate Change**

5.4.1 A side effect of the Covid pandemic has been a short-term reduction in vehicle mileage and therefore exhaust emissions, which likely will have resulted in the air quality management areas (AQMA) in Taunton and Yeovil achieving compliance with mandatory standards for the first time. Vehicle exhaust emissions are the main modifiable pollutants affecting air quality in urban areas.

5.4.2 Traffic levels, prior to lockdown 3, had returned close to pre-pandemic levels, with strong indications that, with very limited public transport usage due to Covid, there is every possibility that motor vehicle usage could exceed pre-pandemic levels quite quickly once restrictions are lifted. To a degree this is likely to be offset by many people continuing to work at home more than previously. Nevertheless, there is a risk of increased traffic congestion and worsening air quality later this year. Enabling the alternatives of walking and cycling and, when safe, buses and trains, will be important to mitigate the impact.

5.4.3 There may be an impact in some areas from more people working at home, as there will be increased use of home heating. Wood burners have increased in popularity in recent years, but are often highly polluting, especially when improperly used. For example, restricting air supply to the fire overnight to keep the fire in, which is poor practice but not uncommon, will typically result in very high pollution emissions from the chimney affecting the immediate locality.

5.4.4 The climate crisis continues almost unaffected by the pandemic. Despite lockdowns across much of the planet, carbon dioxide concentrations in the atmosphere have continued to increase, currently at around 412ppm (2020). Somerset has now published a Climate Emergency Strategy setting out how the county can transition to a low carbon economy.

## 5.5 **Community Safety**

5.5.1 This year, we have again been successful in securing Home Office funding of £362,225 for the Somerset Violence Reduction Unit. The unit has delivered all of its compulsory work and implemented this year's action plan. We are currently refreshing the needs assessment and strategy for this work, in the knowledge that the pandemic will have impacted on our communities. Our current priorities are:

- Early intervention to prevent violence, with a focus on children aged 10-17
- Advocate and influence systems improvement for repeat and prolific offenders
- Tackle weapon possession offences amongst youth cohort
- Tackle key risk factors and advocate for systems change in relation to cumulative risk

### **Domestic Abuse**

5.5.2 This year, in response to the pandemic, we have run a large-scale communications campaign *#Nocloseddoors2020*. Hits on the Somerset Survivors website have increased from 1999 average monthly hits in 2019 to 6285 at the end of 2020. Feedback from specialist staff working with victims in the Somerset's Integrated Domestic Abuse Service (SIDAS), suggest the severity and complexity of the abuse experienced this year increased, meaning that victims need more intensive support for longer.

5.5.3 Despite the challenges of this year, SIDAS has been able to launch the "Dragonfly Project", a new prevention element of service. They have also appointed a new rural Independent Domestic Violence Adviser to raise awareness and promote services in our most rural and isolated communities.

## 6. **BACKGROUND PAPERS**

6.1 Joint Strategic Needs Assessment <http://www.somersetintelligence.org.uk/jsna/>



County Council

– 17 February 2021

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## **Regular Report of the Scrutiny for Policies, Adults and Health Committee**

Chair: Cllr Hazel Prior-Sankey

Division and Local Member: All

Lead Officer: Julia Jones, Governance Specialist – Democratic Services

Author: Jennie Murphy – Senior Democratic Services Officer

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### **1. Summary**

**1.1** The Scrutiny for Policies, Adults and Health Committee is required by the Constitution to provide full Council with a summary progress report and outcomes of scrutiny. This report covers meetings in November 2020 and January 2021.

**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 8 elected Members.

### **2. Background**

#### **2.1 Scrutiny Work Programme**

Each of our meetings had specific agenda items to consider the work programme and allow members and officers to suggest items we should scrutinise in more depth. We also frequently review how we monitor our suggested outcomes and/or recommended actions so we can understand the impact of our work so we can learn how to better focus our scrutiny work to ensure we have made a difference.

Scrutiny Members have endeavoured through the Committee meetings to make suggestions and express opinions to Directors and Cabinet Members

after discussion and debate. We have constructive relationships with our sister Scrutiny Committees, particularly the Scrutiny for Policies, Children and Families Committee.

## **2.2 12 November 2020**

### **1. Somerset Safeguarding Adults Board Plan and Annual Report**

We heard a comprehensive presentation summarising the forward plan and annual report of the Somerset Safeguarding Adults Board (SSAB). Keith Perkin, the Independent Chair of the Somerset Safeguarding Adults Board started by thanking Richard Compton; the previous chair of the Board for his dedicated stewardship. The main objective of the Board is to seek assurance that local safeguarding arrangements and partner organisations act to help and protect people aged 18 and over who:

- have needs for care and support; and
- are experiencing, or at risk of, abuse, neglect or exploitation; and
- are unable to protect themselves from the risk of, or experience of, abuse or neglect as a result of their care and support needs.

We discussed the report and echoed thanks to Richard Compton and added thanks to Stephen Miles. We expressed an interest in knowing how children services were included in the Board's model. They were assured that although there was no representative from Children's Services on the Board there were strong links with partners supporting children.

We were interested in any opportunities for reaching more vulnerable people as a result of the pandemic and the increased awareness of vulnerable groups. It was acknowledged that the pandemic had led to more groups becoming vulnerable. The Board had decided that the sub-groups would focus on any learning the pandemic offered and this would be reflected in the next annual report.

We considered the Annual Report and the proposed plans for 2020/21. We noted the progress highlights during 2020 and committed to continue to promote adult safeguarding across the County Council and in the services that are commissioned.

### **2. Winter Planning**

We had a report covering The Adult Social Care Winter Plan. This plan is aligned with the actions required by local authorities (LA's) detailed in the DHSC (Department of Health and Social Care) plan. It also takes the opportunity to highlight additional work that has been undertaken by both the LA and wider system to date, that will continue during the winter period or which it is planned to undertake.

The Somerset Adult Social Care Winter Plan has been structured around the same themes as the DHSC plan. These are:

- Preventing and controlling the spread of infection in care settings
- Collaboration across health and care services
- Supporting people who receive social care, the workforce, and carers
- Supporting the system

We heard that the coming winter period was likely to be extremely challenging for the entire system. While Somerset had seen relatively low numbers of Coronavirus cases the numbers are rising. Coupled with normal winter pressures it is expected the system will experience unprecedented levels of stress if current trends continue.

We considered the Adult Care Winter Plan for Somerset and supported the action contained therein. We noted the risks and the mitigations to address these contained in the Winter Plan.

### **3. Scrutiny Review**

We were given a presentation setting out an update on the Scrutiny Review that started in 2018. We were reminded that a Peer Challenge identified that a review of scrutiny function was required in order to make it more effective, ensure all councillors are equipped to play an active role and contribute to policy making and key decisions and governance arrangements need to reflect this. There were eleven recommendations and the Committee were given the following update on the status of each recommendation.

We discussed the presentation and raised the question of public participation in scrutiny meetings. It was recognised that since the introduction of virtual meetings there has been a marked reduction in the number of public questions and attendance. We acknowledged that progress had been made in relation to clarity around the roles on Scrutiny Committees making it clearer for members of the public to be able to identify the members of Committees and Officers supporting.

## **2.3**

### **4. Devon Doctors - Out of Hours report**

We had a report on the Integrated Urgent Care Service provided by Devon Doctors Limited. Devon Doctors Limited is a social enterprise group which is run by healthcare professionals and reportable to a board of directors. The organisation does not have any stakeholders and is a non-profit organisation. Meddcare Somerset, a trading name of Devon Doctors Limited, is the provider of Somerset's Integrated Urgent Care Service. The Integrated Urgent Care Clinical Assessment Service delivers a "consult and complete" model of urgent care access that streamlines and improves patient care across the urgent care system. Patients receive a complete episode of care concluding with either: advice, a prescription, or an appointment for further assessment or treatment.

In July 2020, the Care Quality Commission (CQC) carried out an announced focussed inspection of the service which resulted in the application of urgent conditions to the provider registration of Devon Doctors Limited. The Care Quality Commission Report was published on 14 September 2020 and noted some Requirement Notices relating to regulations that had not been met. The Care Quality Commission took account of the exceptional circumstances arising as a result of the Covid-19 pandemic when considering what type of inspection was necessary and proportionate.

The report has resulted in plans to improve the out of hours service, improve governance and improve safety.

We discussed the report and asked why it took such a challenging report to introduce these changes as the service must have been aware of failings. It was recognised that the previous leadership arrangements were not open to learning but that has changed.

## **02 December 2020 -Meeting cancelled due to Coronavirus pandemic**

## **27 January 2020 (limited agenda due to the ongoing Pandemic)**

### **Medium Term Financial Planning**

We had a presentation that summarised the key areas of specific interest within the Medium-Term Financial Plan. It outlined the key points that were included within the report made to Cabinet on the 20th January 2021. There was an overall narrative from the Directors of Adults Services and Public Health Services to provide assurances around the changes made to funding and spend. A review of this detail through Scrutiny will be presented as part of the overall challenge and assurance process to Cabinet on the 8th February and Council on the 17th February in setting the final budget for 2021/22.

The MTFP links pressures, growth, and savings to the delivery of the Council's key priorities within the Council's vision to create:

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

We considered the proposed budget for 2021/22 and indicative budgets for 2022/23 and 2023/24 for Adults and Public Health Services budgets. We reviewed specific proposals for changes from previous years and commented

on them. We welcomed the projected increase in spending, in particular the proposed Capital Expenditure.

### **Meetings Overview for 2020-21**

We have considered a number of reports on a range of topics and these have included:

- Fit for My Future
- Deprivation of Liberty -revised guidance
- Care Homes and Nursing Home Support Service (LARCH/CCG)
- Regular clinical quality review reports from Somerset Clinical Commission Group (CCG)
- Dementia Report
- Reports regarding the performance and transformation at Weston Hospital
- Regular updates regarding Adult Social Care Performance
- Somerset Safeguarding Annual Report and strategic plan
- Somerset CCG finance and performance issues
- Community Hospitals
- Council performance reports
- Learning Disability Service Contract
- NHS waiting times for Somerset patients
- Somerset suicide prevention
- Mental health and wellbeing
- Medium Term Financial Plan
- Out of Hours service - update

### **2.4 Suggestions for the Future**

We look forward to an interesting and informative year ahead

Many of the reports we have considered have been information reports where our ability to make constructive input or provide feedback has therefore been limited.

We have always endeavoured to approach our task as a 'critical friend' by trying to be supportive to officers and encouraging them to highlight areas of concern to us, whilst hopefully providing a suitably robust challenge to question poor performance and seek reassurance that appropriate action is taken to achieve improvement. We feel the Council would benefit from Scrutiny being asked to undertake more pre-Cabinet decision work to help the transition from policy development to implementation.

### **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](http://www.somerset.gov.uk/agendasandpapers)

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

Somerset County Council  
County Council  
- 17 February 2021

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## **Report of the Scrutiny Committee for Policies and Place**

Chair: Cllr Anna Groskop

Division and Local Member: All

Lead Officer: Scott Wooldridge – Monitoring Officer, Democratic Services

Author: Jamie Jackson – Scrutiny Manager, Democratic Services

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 regular report covers the work of the meetings held on 9 December 2020 and 3 February 2021.

**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 8 elected Members and we have meetings scheduled approximately for every month. Our next meeting will be held virtually at 10.00am on 10 March 2021.

### **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.

### **3. 9 December 2020**

#### **One Somerset Update and Consultations Outcomes**

The first Item considered was the One Somerset Update and Consultation Outcomes.

The One Somerset Programme Director introduced the One Somerset Update and Consultation outcomes. The timeline of the process was set out along with the request for a deferred 2021 election, clarification was provided that the election deferral period would be one year with the May 2022 election comprising the New Authority and the Shadow Authority in place in the run up to implementation.

During the discussion of the report, the consultee response numbers were considered along with the next steps and the process leading up to the Secretary of States decisions. The 2022 election would be based on existing county divisions to be elected to the new shadow authority so they could oversee the implementation of the programme Boundary review in advance of the go live date. Once the decision had been made in relation to the business cases the structural change orders would address issues raised including the election and boundary review.

The Scrutiny for Policies and Place Committee: - noted the One Somerset Business Case Update and Consultation Outcomes.

#### **Connecting Devon and Somerset Broadband Delivery Programme**

The second report considered was an update in relation to the Connecting Devon and Somerset (CDS) Broadband Delivery Programme.

The Economy Service Manager, introduced the report and then set out the update, more than 300,000 homes and businesses across Devon and Somerset can access superfast broadband, with a further 38,000 having access to improved broadband. Every month hundreds more homes and businesses are being connected due to the Connecting Devon and Somerset programme. Take up of Phase 1 Openreach broadband services is nearly 60%. This level of take up is above the national average.

Phase 2 network build continues in lot 4 where Airband is delivering superfast coverage in Northern Devon. A total of 11,744 premises have been covered in lot 4 and build continues. CDS and Airband are exploring options to include some fibre delivery in the current contracts.

Following termination of contracts with Gigaclear in September 2019 and with continuing financial support from



Building Digital UK (part of DCMS), a procurement process was commenced to secure new infrastructure provision.

During consideration of the report, discussion took place in relation to commercial activity, following concerns in relation to duplicate upgrade and infrastructure works the committee were reassured that avoiding duplication of delivery was part of the design process. The process was underway to have further consultation in the next months to update information for what could to be done commercially.

The Scrutiny for Policies and Place Committee noted the progress of the CDS Programme.

### **Establishment of a new Passenger Transport Dynamic Purchasing System (DPS)**

The third item considered was the establishment of a new Passenger Transport Dynamic Purchasing System (DPS)

The Service Manager, Commissioning, Highways and Transport introduced the item.

Transporting Somerset currently uses a Dynamic Purchasing System (DPS) to procure all Passenger Transport contracts to include Home to School, Public, Social Care and Health Transport. The current DPS was established in 2015, one of the first in the UK to be let under the updated Public Contract Regulations 2015 ("the Regulations"). Following a 2-year extension in 2019, is due to end 31st March 2021.

Following extensive review of the various procurement tools available, a DPS has been identified as still the most effective option for Passenger Transport to ensure best value is achieved for these contracts. It is therefore proposed to complete the procurement exercise to enable the establishment of a new DPS from 1 April 2021.

During the consideration of the report, discussion took place in relation to other authorities using a similar system, the links to the Councils Climate Change ambitions. A review of the system would be engaged in 2026, 5 years into the contract and a decision could be made to exercise the extension period.

The Scrutiny for Policies and Place Committee: -

- i. Approved the establishment of a new Dynamic Purchasing System (DPS) for the provision of Passenger Transport Services to take effect from 1<sup>st</sup> April 2021 and to continue for an initial period of five years, with rights for the Council to extend by two further periods of two years each;
- ii. To approve the publication of a contract notice in the OJEU in January 2021, advertising the DPS and inviting suppliers to submit their expressions of interest for the DPS;
- iii. To delegate authority to the Lead Director for Economic and Community

Infrastructure & Director of Commissioning (in consultation with the County Solicitor) to admit eligible suppliers to the DPS during its term by agreeing DPS agreements with each eligible supplier;

iv. Agrees that the Council lets the majority of its passenger transport contract portfolio through this system for an initial period of five years and, accordingly, delegates authority to the Director for Economic and Community Infrastructure Operations and/or the Strategic Manager (in consultation with the County Solicitor) to award individual contracts for passenger transport services, in accordance with the award and call-off ordering procedure set out in the DPS agreement;

v. Delegates authority to the Cabinet Member for Highways and Transport to exercise the Council's right to extend the DPS agreement with suppliers for two further periods of two years each, subject to satisfactory performance of the DPS arrangements;

vi. Delegates authority to the Director for Economic and Community Infrastructure Operations and/or the Strategic Manager (in consultation with the County Solicitor) to agree with suppliers such variations to individual contracts let under the DPS as may be necessary from time to time to meet the Council's business needs;

### **2020/21 Revenue Budget Monitoring Report – Month 7**

The Director of Finance introduced the report setting out the forecast year position against the 2020/21 budget as at the end of October (Month 7). Predicting the year end position was very difficult given the significant financial impacts of Covid upon council services and the speed at which position can quickly change. The latest forecast is an underspend of £1.896m for the financial year which is an improvement of £1.2m from the previous month.

There has been additional expenditure by services in responding to Covid and there will be further costs in 2021/22 particularly on our care services as the longer terms impact of Covid become clearer. The government has recognised this and has paid a grant of £29.1m to cover the additional costs and in October provided a 4th tranche of funding of £2.8m. This now brings the total allocation of Covid funding to cover the additional Covid costs of £31.9m.

During consideration of the report, discussion took place on recovery of Covid-19 costs, value for money around the business case for Local Government reorganisation and funding for parking reviews.

The Scrutiny for Policy and Place Committee noted the projected revenue outturn for 2020/21.

**3 February 2021**

**Medium Term Financial Plan 2021/22 Budget Update**

The first item considered was the Medium-Term Financial Plan 2021/22 Budget Update.

The Finance Director presented the report which set out the report to Cabinet in December 2020 detailed the background to the 2021/22 budget and highlighted the unique difficulty with producing the budget estimates against the backdrop of the Covid-19 pandemic and the significant uncertainty that it brings.

On the 17 December the Government announced the provisional Local Government Finance Settlement which provided details of the funding for 2021/22 including referendum levels for Council Tax and the Adult Social Care precept. The provisional finance settlement is subject to consultation and will be finalised at the end of January/early February 2021.

Any changes will be reported to the Cabinet at its February meeting. The District Councils have finalised their Council Tax base figures for 2021/22 and these have been incorporated into the budget proposals. The main outstanding area for the 2021/22 is the details of the Business Rates funding which the Districts will be compiling during January 2021 when they will also finalise the figures for the Collection Fund deficit/surpluses for both Council Tax and Business Rates. Any surpluses will impact upon 2021/22 and any deficits will impact upon 2021/22, 2022/23 and 2023/24 as these will be spread over three financial years.

During the consideration of the report the Committee put questions around the Discovery contract, council tax support scheme, loss of Council Tax and Business Rates revenue and reserves held for Maintained Schools. Concerns were expressed around adequate funding for Citizens Advice alongside funding for Community Groups. Further questions were placed in relation to Covid-19 Government Grants and funding from the impact of the pandemic in future years.

The Scrutiny for Policies and Place Committee noted the proposed budget for 2021/22 and indicative budgets for 2022/2023 and 2023/24. The Committee is asked to review specific proposals for changes from previous years, so that they can comment on them, offer assurance to Cabinet and/or identify any matters for consideration that they would like to highlight to the Cabinet.

## **Update regarding the Somerset Levels and Moors nutrients Issue**

The Service Manager for Development and Planning presented the update which set out the Update regarding the Somerset Levels and Moors.

There was significant amount of concern across Somerset, following a letter from Natural England, in relation to the impacts of (predominantly housing) development on the Somerset Levels and Moors Ramsar Site. Natural England issued this letter (a statutory direction) stating that prior to determining a planning application that may give rise to additional phosphates within the Somerset Levels and Moors Ramsar catchment (the Rivers Tone, Parrett, Brue and Axe), competent authorities (each of the Planning Authorities in Somerset) should undertake a Habitats Regulations Assessment (HRA) to ensure that the development reaches nutrient neutrality.

This new statutory duty placed on Planning Authorities, has a significant impact on the determination of planning permissions across Somerset and an associated delay to the delivery of (primarily housing) development.

During the consideration of the report, discussion took place in relation to the timeline and ruling of the matter, the creation of a phosphates calculator and the role of developers in offsetting levels of phosphates. Levels of engagement with the farming community was considered, it was acknowledged that a wider communications package was required to communicate with the public and all stakeholders. Brownfield sites would consider what levels were generated previously. Main concerns focused around the impact on Communities and Planning. The Strategy would be considered at a future meeting.

The Scrutiny for Policies and Place Committee noted:-

1. The Somerset Planning and Development team (included Somerset Ecology Services) were actively working within two live, parallel work streams with the other Planning Authorities in Somerset.
2. Whilst there are Service Level Agreements (SLA) operating between Somerset Ecology Services and each of the Districts in respect of Business As Usual tasks, the time spent supporting these workstreams is not being externally charged, as the service believes that this is a critical role that we should be leading on.
3. As well as dedicating officer time, the Planning and Development service has managed to find £25k from this year's budget to contribute to the development of a strategic County wide project to develop a Phosphates/Nutrients strategy for Somerset. Once complete, this strategy will need to be adopted by each of the Planning Authorities in Somerset.
4. It was agreed by each Authority that the reporting of progress on this strategic piece of work will be through the Somerset Growth Management Group

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 future meetings, and agendas & reports from previous meetings are available via the Council's website [www.somerset.gov.uk/agendasandpapers](http://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 – 17 February 2021

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## **Report of the Scrutiny for Policies, Children and Families Committee**

Chair: Cllr Leigh Redman

Division and Local Member: All

Lead Officer: Jamie Jackson – Service Manager Governance Scrutiny

Author: Fiona Abbott – Senior Democratic Services Officer

Contact Details: 01823 359040 [jajackson@somerset.gov.uk](mailto: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 on 12 November 2020 and 2 December 2020 and provides information on the items to be considered at the meeting on 27 January 2021.
- 1.2.** We continue to focus on the outcomes arising from the Ofsted Inspection, including the Written Statement of Action, which priorities the areas work on Special Educational Needs and Disabilities (SEND) in the forthcoming 18 – 24 months and on ensuring the delivery of the Children and Young Peoples Plan (CYPP).
- 1.3.** 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.
- 1.4.** The Committee has 8 elected Members. The Committee has up to seven co-opted members - two parent governor representatives (one vacancy), one representative from the Somerset Schools Forum, one representative from the Schools Compact and three church representatives (all still vacant unfortunately). Co-opted members have voting rights on education matters only.

As part of the on-going work from the Scrutiny review, the Chairs of the 3 Scrutiny Committees are meeting regularly and are reviewing the role of co-opted members going forward. We have contacted the Roman Catholic and Church of England Dioceses inviting them to appoint a representative to the Scrutiny Committee. We had a favourably reply from the Church of England Diocese and hope to have a nomination to the Committee shortly. As we do have a parent governor representative on the Committee and because of the

review mentioned, we have held off contacting the Governance Service Manager in the Education Team about seeking a second representative.

## **2. Background**

### **2.1 Scrutiny Work Programme**

Each of our meetings had specific agenda items to consider the work programme and allow members and officers to suggest items we should scrutinise in more depth. We also frequently review how we monitor our suggested outcomes and/or recommended actions so we can understand the impact of our work so we can learn how to better focus our scrutiny work to ensure we have made a difference. We are grateful for the support of officers in this work, and in particular the support and direction provided by the Deputy Director of Children's Services.

Scrutiny Members have endeavoured through the Committee meetings to make suggestions and express opinions to Directors and Cabinet Members after discussion and debate. We have constructive relationships with our sister Scrutiny Committees, particularly the Scrutiny for Policies, Adults and Health Committee.

### **2.2 12 November 2020**

**Scrutiny Review update** – we received an update from the Council's Scrutiny Manager on the context to the scrutiny review at the Council following the peer challenge in 2018 and received a detailed update on the implementation of the recommendations which had been approved by the Council in January 2020.

The Chairs of the 3 Scrutiny Committees have now met on 2 occasions and have discussed in particular the following recommendations – namely, approach to work planning / agenda setting (recommendation 5), work programming (recommendation 7) and training (recommendation 10).

The target is to ensure that all recommendations have been fully embedded by March 2021. An update report will be considered at the March meeting of the Committee.

**Written Statement of Action (WSOA) – update** - we received a presentation and update from the Director of Children's Services, Julian Wooster on the WSoA. We were advised that the WSoA had now been submitted to Ofsted / Care Quality Commission (CQC).

**Youth Offending Service** – we received a presentation from the Council's Deputy Director of Children's Services Clare Winter together with the Team Leader Kat Brooklyn about the work of the YOS and about the forthcoming HMIP Inspection which is due to take place in 2021. The last inspection by Her Majesty's Inspectorate of Prisons (HMIP) was in 2016 with GOOD result and the



next inspection is anticipated to be in spring 2021

It was agreed that a briefing note would be prepared on the speech and language service, County Lines (prevention), education attendance and outcomes. This will now form part of an item being considered by the Committee in March on prevention (impact of prevention fund funded projects for children and young people).

**How has COVID-19 impacted on the delivery of the CYPP** – we received a report and presentation from the Council’s Partnership Business Manager Fiona Phur on how has COVID-19 impacted on the delivery of the children and young people’s plan 2019 to 2022. The presentation covered areas to help the committee understand the implications from the point of view of children and young people, including - support to families, education, health, positive activities.

We agreed to have an update on the voice of young person to our March meeting, but this has now moved to the June meeting to allow for a broader report to be presented.

### **2.3 2 December 2020**

**Update on the Written Statement of Action (WSOA)** – we received the WSoA which had been submitted to Ofsted / CQC and received an update from the Council’s Director of Children’s Services on the SEND Improvement Board and the governance arrangements. A re-inspection against the actions outlined in the WSoA will take place within the next 24 months and the Inspectors will expect to see significant improvements against all 9 areas of the plan.

We agreed that, in view of the significant challenges in Somerset, the SEND Improvement Board be encouraged to closely monitor the work joint working improvements needed between partners to support children with Autism and other associated neuro-development conditions. The following areas within the WSoA will be explored in more detail by the Scrutiny Committee: -

- Leadership (Improvement Priority 2)
- ASD (Improvement Priority 5)
- Inclusive Schools (Improvement Priority 6)
- Performance Monitoring

We also agreed that there needed to be focussed work on School Exclusions and for there to be a report on the timeliness and quality of Education, Health and Care Plans (EHCP). This was to be scheduled for the meeting on 27 January 2021 but has subsequently been held over and the date is to be agreed.

**Update on the consultation on the future school provision in the Crewkerne and Ilminster area** – we received a report and presentation from

the Council's Assistant Director, Education, Partnerships and Skills, Amelia Walker, together with the Cabinet Member for Education & Transformation, Cllr Frances Purbrick, who provided an update on the consultation on the future school provision in the Crewkerne and Ilminster area.

Preliminary consultation took place in 2019 and on 21 October 2020 Cabinet agreed to publish a formal consultation on a proposed two-tier model. The first consultation launched on the 12 November 2020 and runs until Friday 11 December 2020. Subject to the decision taken by the Cabinet Member, the second consultation (statutory) will potentially be 30 December to 27 January 2021 (subject to Non-Key Decision in December) with Cabinet decision at end of February 2021.

The Assistant Director outlined some of the emerging issues to date, covering – process, quality of education, transition, community and context and possible alternative options.

The Committee had been asked to: -

- 1) Review the proposal for change in Crewkerne and Ilminster, including the associated detailed information accompanying the proposals.
- 2) Make recommendations for additional supporting information that, subject to a further non-key decision, could be provided alongside the statutory notices.
- 3) Advise on opportunities to raise the profile of the proposals and reach segments of the community who might otherwise be missed.

The Committee listened to the update and asked questions, which were responded to in detail.

We agreed that the Committee will receive further details on the consultation if decision is taken to proceed to the second stage. The following information should be provided if this moves to the second consultation stage: -

- (a) plans for business in schools
- (b) travel costs (expense to county / parental cost)
- (c) communication plan
- (d) transition points – to understand the pupil journey in area (Early Years to sixth form and transition points and challenges in area).

As the decision has now been taken to proceed to the next stage, the item will be brought back to the Committee in March.

## **2.4 27 January 2021**

At this meeting we will be discussing the following areas: -

- a) Children's Services Data Review
- b) Impact of COVID-19 on children & young people's mental health and

wellbeing – members of the Adults and Health Scrutiny Cttee also invited to attend for this item

- c) Medium Term Financial Plan for Children’s Services
- d) Discussion on the task and finish group on the continuity of Children’s Services through local Government reorganisation.

**2.5 Adverse Childhood Experiences (ACEs)** – this excellent all member workshop took place on 22 January looking at key areas of development in Somerset. It was attended by over 20 members and was of particular interest to members of the Scrutiny Committee as it aligns to the priorities aligned to the SEND WSoA.

The aim of the workshop was to raise awareness and understanding of the long-term impact of childhood adversity; provide an overview of the various areas of development and approaches that are being tested out to help improve outcomes for those that have grown up in adverse circumstances; highlight the importance of early years as fundamental to improved life chances and resilience for the Somerset population.

In preparation for the all members workshop, members also had the opportunity to view the film ‘Resilience’ which delves into the science behind how extreme or prolonged stressful experience in childhood can affect brain development, leading to health and social problems across the lifespan.

At the session we heard about the key messages about ACEs, including the origins, research and development of ACEs/Trauma informed work and the national and international contexts. There were then some presentations as follows –

- CCG project - Evaluating the impact of understanding the effects of Adverse Childhood Experiences (ACEs) on child neurodevelopment and behaviours
- Public Health project – Mindful Emotion Coaching and ACEs (MACE) – Early Intervention test and learn project – Early Years & Emotion Coaching training
- Somerset Violence Reduction work and needs assessment
- Somerset Foundation Trust Level 3 Safeguarding work led by paediatric Services in Somerset NHS Foundation Trust

There was also the opportunity to ask questions.

I would like to pass on my thanks to all those involved in arranging the workshop, and in particular, Fiona Moir, Public Health Specialist, Dr Sarah Temple (EHCAP - Education, Health, Care and Prisons), Clare Stuart (Violence Reduction Unit), Sam Hutton (Educational Psychology Service) and Kate McCann (Community Paediatric Services).

### **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 Lead Officers are engaged in this process. It is still a challenge getting reports through in a timely manner ('work in progress').

#### **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.

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