

Public Agenda Pack



Notice of Meeting of

EXECUTIVE

Wednesday, 6 December 2023 at 10.00 am

**Council Chamber, Council Offices, Cannards
Grave Road, Shepton Mallet BA4 5BT**

To: The members of the Executive

Chair: Councillor Bill Revans

Vice-chair: Councillor Liz Leyshon

Councillor Theo Butt Philip

Councillor Dixie Darch

Councillor Mike Rigby

Councillor Federica Smith-Roberts

Councillor Adam Dance

Councillor Tessa Munt

Councillor Dean Ruddle

Councillor Ros Wyke

For further information about the meeting, including how to join the meeting virtually, please contact Democratic Services democraticservicesteam@somerset.gov.uk.

All members of the public are welcome to attend our meetings and ask questions or make a statement **by giving advance notice** in writing or by e-mail to the Monitoring Officer at email: democraticservicesteam@somerset.gov.uk by **5pm on Thursday, 30 November 2023**.

This meeting will be open to the public and press, subject to the passing of any resolution under the Local Government Act 1972, Schedule 12A: Access to Information.

The meeting will be webcast and an audio recording made.

Issued by (the Proper Officer) on Tuesday, 28 November 2023

AGENDA

Executive - 10.00 am Wednesday, 6 December 2023

Public Guidance Notes contained in Agenda Annexe (Pages 7 - 8)

Click here to join the online meeting (Pages 9 - 10)

1 Apologies for Absence

To receive any apologies for absence.

2 Minutes from the Previous Meeting (Pages 11 - 26)

To approve the minutes from the previous meeting.

3 Declarations of Interest

To receive and note any declarations of interests in respect of any matters included on the agenda for consideration at this meeting.

(The other registrable interests of Councillors of Somerset Council, arising from membership of City, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes: [City, Town & Parish Twin Hatters - Somerset Councillors 2023](#))

4 Public Question Time

The Chair to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public who have submitted any questions or statements, please note, a three minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

We are now live webcasting most of our committee meetings and you are welcome to view and listen to the discussion. The link to each webcast will be available on the meeting webpage, please see details under 'click here to join online meeting'.

5 Executive Forward Plan

To note the latest Executive Forward Plan of planned key decisions that have been published on the Council's website.

[Click here to access - Executive Forward Plan](#)

6 2023/24 General Fund Revenue Budget Monitoring Report - Month 6 Q2 (Pages 27 - 88)

To consider this report.

7 2023/24 General Fund Capital Budget Monitoring Report - Month 6 Q2 (Pages 89 - 114)

To consider this report.

8 2023/24 Housing Revenue Account Capital and Revenue Budget Monitoring Report Q2 (Pages 115 - 138)

To consider this report.

9 Corporate Performance Management Report Q2 2023/2024 (Pages 139 - 172)

To consider this report.

10 Annual Treasury Mid-Year Report 2023-24 (Pages 173 - 208)

To consider this report.

11 2024/25 General Fund Revenue Budget & Capital Programme update (Pages 209 - 236)

To consider this report.

12 Council Tax Reduction & Exceptional Hardship Scheme for 2024/25 (Pages 237 - 366)

To consider this report.

13 Award of a contract for highway lighting and other electrical assets (Pages 367 - 384)

To consider this report.

Exclusion of Press and Public

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

Exclusion of the Press and Public

To consider passing a resolution having been duly proposed and seconded under Schedule 12A of the Local Government Act 1972 to exclude the press and public from the meeting, on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, within the meaning of Schedule 12A to the Local Government Act 1972:

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

14 Contract award for the Taunton Park & Ride service (Pages 385 - 446)

To consider this report.

15 Re-commission - Learning Disabilities Open Framework (Pages 447 - 466)

To consider this report.

16 Harbour Management Advisory Committee (Pages 467 - 500)

To consider this report.

17 Proposed withdrawal and dissolution of the Heart of the South West Joint Committee (Pages 501 - 508)

To consider this report.

Guidance notes for the meeting

Council Public Meetings

The legislation that governs Council meetings requires that committee meetings are held face-to-face. The requirement is for members of the committee and key supporting officers (report authors and statutory officers) to attend in person, along with some provision for any public speakers. Provision will be made wherever possible for those who do not need to attend in person including the public and press who wish to view the meeting to be able to do so virtually.

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 democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

They can also be accessed via the council's website on [Committee structure - Modern Council \(somerset.gov.uk\)](#)

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: [Code of Conduct](#)

Minutes of the Meeting

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

Public Question Time

If you wish to speak or ask a question about any matter on the Committee's agenda please contact Democratic Services by 5pm providing 3 clear working days before the meeting. (for example, for a meeting being held on a Wednesday, the deadline will be 5pm on the Thursday prior to the meeting) Email democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

Members of public wishing to speak or ask a question will need to attend in person or if unable can submit their question or statement in writing for an officer to read out, or alternatively can attend the meeting online.

A 20-minute time slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been agreed. Each speaker will have 3 minutes to address the committee.

You must direct your questions and comments through the Chair. You may not take a direct part in the debate. The Chair will decide when public participation is to finish. If an item on the agenda is contentious, with many people wishing to attend the meeting, a representative should be nominated to present the views of a group.

Meeting Etiquette for participants

Only speak when invited to do so by the Chair.

Mute your microphone when you are not talking.

Switch off video if you are not speaking.

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.

There is a facility in Microsoft Teams under the ellipsis button called turn on live captions which provides subtitles on the screen.

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, ask participants to leave the meeting when any exempt or confidential information is about to be discussed.

Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording, and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting.

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Minutes of a Meeting of the Executive held in the Council Chamber, Council Offices, Brympton Way, Yeovil BA20 2HT, on Wednesday, 8 November 2023 at 10.00 am

Present:

Cllr Bill Revans (Chair)
Cllr Liz Leyshon (Vice-Chair)

Cllr Theo Butt Philip
Cllr Dixie Darch
Cllr Mike Rigby
Cllr Federica Smith-Roberts

Cllr Adam Dance
Cllr Tessa Munt
Cllr Dean Ruddle
Cllr Ros Wyke

In attendance:

Cllr Steve Ashton
Cllr Tony Lock
Cllr Oliver Patrick
Cllr Heather Shearer
Cllr Sarah Wakefield
Cllr David Woan

Cllr David Fothergill
Cllr Frances Nicholson
Cllr Faye Purbrick
Cllr Andy Soughton
Cllr Richard Wilkins

Other Members present remotely:

Cllr Jason Baker
Cllr Alan Bradford
Cllr Norman Cavill
Cllr Peter Clayton
Cllr John Cook-Woodman
Cllr Tom Deakin
Cllr Caroline Ellis
Cllr Dawn Johnson
Cllr Andy Kendall
Cllr Marcus Kravis
Cllr Dave Mansell
Cllr Sue Osborne
Cllr Evie Potts-Jones

Cllr Adam Boyden
Cllr Hilary Bruce
Cllr Nicola Clark
Cllr Simon Coles
Cllr Hugh Davies
Cllr Dawn Denton
Cllr Bob Filmer
Cllr Val Keitch
Cllr Jenny Kenton
Cllr Martin Lovell
Cllr Matthew Martin
Cllr Emily Pearlstone
Cllr Leigh Redman

Cllr Brian Smedley
Cllr Martin Wale

Cllr Mike Stanton
Cllr Rosemary Woods

56 Apologies for Absence - Agenda Item 1

No apologies were received.

57 Minutes from the Previous Meeting - Agenda Item 2

The minutes of the Executive meeting held on 4 October 2023 were agreed upon and signed by the Chair.

58 Declarations of Interest - Agenda Item 3

COUNCILLORS WHO ARE ALSO CITY, TOWN AND/OR PARISH COUNCILLORS
SOMERSET COUNCILLOR CITY, TOWN AND/OR PARISH COUNCIL

Theo Butt-Philip - Wells City Council

Adam Dance - South Petherton Parish Council

Mike Rigby - Bishop's Lydeard and Cothelstone Parish Council

Dean Ruddle - Somerton Town Council

Federica Smith-Roberts - Taunton Town Council

Ros Wyke - Westbury-sub-Mendip Parish Council

59 Public Question Time - Agenda Item 4

Public questions were received from:

- Nigel Behan – Item 6 - General Fund Revenue Budget Monitoring Report – Month 5
- Eva Bryczkowski – Item 6 - General Fund Revenue Budget Monitoring Report – Month 5
- David Redgewell – Item 6 - General Fund Revenue Budget Monitoring Report –Month 5 and Item 12 - Award of contract for Highways Services
- Rossa Kell – Item 12 - Award of contract for Highways Services

- David Mears – Item 9 - Policy for the Disposal of Assets

All questions were considered under the relevant agenda item. The questions and responses provided are attached to the minutes in Annex A.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, referred to storm Ciaran and its impact on the County, thanked Officers of the Council and acknowledged their work to keep Somerset residents safe.

60 Executive Forward Plan - Agenda Item 5

The Executive noted the Forward Plan.

61 General Fund Revenue Budget Monitoring Report - Month 5 - Agenda Item 6

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, to introduce the report.

The Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, introduced the report, highlighting: that the report detailed the month 5 budget position; that the projected overspend is £27.3m, the majority of which relates to Adults and Children’s Services; the national financial situation across the sector; that the Council is faced with serious challenges and a serious financial deficit that requires urgent and decisive action; the open and transparent strategy and communication required to address the viability of Somerset Council; the continued use of reserves and the impact of the financial sustainability of the Council; the local and national impact on Local Government Reorganisation, including: the global Covid pandemic, the vaccination programme, the end of multiple Government grants and funding, Brexit and its impact on European workers, the Fair Cost of Care, the Ukraine War, rising energy and food costs, high inflation, increased interest rates and the reduction in value of commercial assets; the income from and disposal of the amalgamated portfolio of commercial assets; the scale and focus of actions and that the Council is committed to ensuring its financial sustainability, delivery of key services, as well as the wellbeing and safety of staff and customers; the full engagement and work across the Council to challenge the financial assumptions which are being forecast, understanding those assumptions and working together to mitigate overspends where possible; and the budget monitoring consideration across the Scrutiny Committees and Audit Committee.

The Director of Resources and Corporate Services, Jason Vaughan, added to the

above points, highlighting: the complex challenges aligning the five predecessors Councils and setting a budget for a Unitary Council; the impact of the agreed national pay award; the revised Scrutiny Committee – Corporate and Resources dates; the change in budget monitoring reporting from month 6; the spending controls previously put in place and the financial focus group established to provide focus with a clear programme of activity to address the budget overspend in the current year and the forecast budget gap for next year; the three control boards set up to monitor and oversee the following areas: establishment and recruitment, commercial and procurement, any other spending over £100; that the cost pressures will continue into the 2024/25 financial year; and that the Council cannot rely on reserves to cover the budget gap as the Council would not be financially sustainable.

The Lead Member for Adult Social Care, Cllr Dean Ruddle, further added to the above points commenting on the improvement in home and domiciliary care, the impact of high interest rates, the historic Adult Social Care financial challenges and pressures, and the work to balance the overspend.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: thanks to the Audit Committee and the Finance Team for the work undertaken; the impact and challenges nationally and locally; the Adult Social Care historic cost factors and the continuing funding crisis in Somerset, including paying for social care, the global Covid pandemic, the resourcing of the track and trace program and government funding; budget predictions, inflation and interest rates; Childrens Social Care and the impact of the global Covid pandemic; the high increase in the cost of care and the impacting factors; the fair cost of care exercise; the actions and decisions required to balance the new Council budget; Council tax, including low rates, Council tax freeze and comparator Local Authority Council tax rates; the Adult Social Care programme of changes and the Newton savings; the changes needed and the impact of the model of national funding for social care; and the need to work together across Councils and organisations to resolve and reform.

The Executive proceeded to vote on the recommendations, which were agreed unanimously.

Following consideration of the officer report, appendices and discussion, the Executive:

a. Noted the forecast overspend of £27.3m (5.5%) for the year and the recovery actions being taken to address this.

b. Approved that it will continue to receive a monthly update on the financial position and actions being taken to address it.

c. Noted that the format of the Budget Monitoring will be changed from month 6.

d. Approved a £0.3m budget virement from the Corporate Contingency budget to Strategic Asset Management to carry out the RAAC (Reinforced autoclaved aerated concrete) surveys.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

62 Financial Strategy Update - Agenda Item 7

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, to introduce the report.

The Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, introduced the report, highlighting: the critically important report outlining the scale of challenge and complexities faced by Somerset Council financially and as a new organisation; that all Councils are facing the same challenges but with varied financial starting points; summarised and outlined the direct and challenging recommendations in the report, including declaring a financial emergency, that at their meeting 26 October 2023, the Audit Committee considered the section 151 officer's letter to DLUHC on Somerset Councils Financial Challenges and the letter from Grant Thornton on the Financial Sustainability of the Council but was not assured that arrangements were in place to address the current years forecast overspend or to close the 2024/25 budget gap, as a result, they have called a special Audit Committee in December 2023; the essential review and work on Council reserves with the Amalgamated Report to be considered by Executive on 6 December 2023; the vision for a sustainable Somerset Council at 6 December 2023 Executive meeting; and the changing, developing and emerging emergency situation and programme of work required at pace to avoid the requirement for the S151 Officer to issue a Section 114 Notice.

The Director of Resources and Corporate Services, Jason Vaughan, added to the above points, highlighting: that the new Council faces a very stark and challenging financial position; summarised the complexities of Local Government finance, including revenue, taxation, investments reserves and grants; that the increase in

costs at the same time as income has been restricted has resulted in a fundamental imbalance and a very considerable budget gap between the costs of providing services and the income the Council receives; summarised the range of actions being taken to close the £100m forecast budget gap, including: the Service Director challenge sessions, deep dive sessions for Adult and Childrens Social Care, the review of the existing capital programme, staffing review, reviewing the inherited commercial investment portfolio and developing a disposal programme; the rationalisation of the council offices and other asset disposals to generate capital receipts and reduce running costs; the development of a transformation programme to reshape the Council's services; the upcoming Autumn Statement and financial settlement; and the updated position and progress on these actions to be reported to the 6 December 2023 Executive.

The Lead Member for Children, Families and Education, Cllr Tessa Munt, further added to the above points, highlighting: the challenges faced in Children's Social Care, the statutory requirements; the increase and complexity of demand; the school transport challenge session outcomes, focus and ongoing work; The County Council Network and the Society of County Treasurers report of financial pressures; and the continuing work to reduce the overspend.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the external input, budgetary and financial impact of a Section 114 notice; the need for a communication message regarding Council spending to be sent to residents of the County; the circumstances affecting the One Somerset business case, the complex transformation from five Councils to one Council, including the changed financial landscape; the work of the Council to mitigate financial situation; and the comparison of local Unitary Councils Council tax charges.

Having been duly proposed and seconded, the Executive unanimously agreed to amend recommendation d, to include 'in conjunction with the Lead Member for Economic Development, Planning and Assets':

d. To approve the disposal of the commercial investment portfolio, delegated the appointment of external agents to the Director of Strategic Asset Management in conjunction with the Lead Member for Economic Development, Planning and Assets, and uses the Property & Investment Executive sub-committee to oversee the disposal programme.

The Executive proceeded to vote on the recommendations, which were agreed unanimously.

Following consideration of the officer report, appendices and discussion, the Executive agreed:

- a. That Somerset Council faces a financial emergency and acknowledges that urgent actions need to be taken to address the position including the setting up of the Financial Focus Group and the introduction of further financial controls to limit spending.**
- b. To approve that the Council should continue its discussions with the Department for Levelling Up, Housing and Communities (DLUHC) following the letter from the Section 151 officer to them concerning the councils' financial challenges and the initial meeting.**
- c. That there should be a special meeting of the Audit Committee in December to consider the council's financial sustainability and the issues raised in the letter from Grant Thornton.**
- d. To approve the disposal of the commercial investment portfolio, delegated the appointment of external agents to the Director of Strategic Asset Management in conjunction with the Lead Member for Economic Development, Planning and Assets, and uses the Property & Investment Executive sub-committee to oversee the disposal programme.**
- e. To receive an update report on the actions being taken and progress in closing the budget gap for the 2024/25 Budget at the 6 December Executive 2023 meeting.**
- f. To receive a report on the review of Earmarked Reserves at the 6 December Executive meeting.**
- g. To task the Asset Management Group with bringing forward asset disposals including council office rationalisation proposals, with an update to the Executive on 6 December 2023.**
- h. Agreed to receive a report on the vision for a sustainable Somerset Council at the 6 December 2023 Executive meeting.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

63 Proposed formation of Property and Investments Executive Sub-Committee - Agenda Item 8

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, introduced the report, and invited the Monitoring Officer, David Clark, to present the report.

The Monitoring Officer, David Clark, proceeded to present the report, highlighting; the details of the proposed sub-committee and the key step in the management of the disposal of the Council's commercial investment portfolio; that Somerset Council had inherited a portfolio of commercial investments from the predecessor District Councils, and that with the current economic climate, and in the light of the financial pressures, the proper management of these investments pending any disposal is crucial to the financial wellbeing of the Council.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the sub-committee governance process and the importance of collective wisdom and transparency of decisions; the planned disposals over a period of time; and the long programme of work and the use of external professional advice and internal skills, experience and expertise.

The Executive proceeded to vote on the recommendations, which were agreed unanimously.

Following consideration of the officer report, appendices and discussion, the Executive noted and approved the decision of the Leader of the Council to establish a Property and Investments Executive Sub-Committee with the Terms of Reference set out in Appendix 1 of the report, with effect from 9 November 2023.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

64 Policy for the Disposal of Assets - Agenda Item 9

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, to introduce the report.

The Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke,

introduced the report, highlighting: the published amended Policy and recommendations; the policy wording to clarify that a Framework for Asset and Service Devolution will be brought forward early in 2024, to provide supplementary guidance on how City, Town and Parish Councils can assist with some of the financial pressures to protect service delivery and to clarify that City, Town and Parish Councils are important strategic partners for Somerset Council; that discussions on asset disposals will be held with individual Local Councils as appropriate; the clear, transparent and robust policy and the importance of collective decision making; the importance of local knowledge and engagement with local Councillors and the continued building of relationships to ensure the input of local knowledge, and the challenging commercial market across Somerset.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the continued work to foster and develop the relationships, partnerships and collaboration between City, Town and Parish Councils and the strong voice for the sector; the communication and availability of asset information awareness and land ownership through Local Government and Central Government sources, including websites, ward members, local Councillors; the legal and property team internal resource capacity, challenges and management of public expectations regarding response times; Local Community Networks engagement; the developing framework for the new service and asset devolution to clarify consultation and discussion as appropriate with Parish Councils; the importance of managing a policy designed to cover the range of commercial and local assets; and the Standards Committee Member Code of Conduct work with City, Town and Parish Councils.

Having been duly proposed and seconded, the Executive unanimously agreed to add an additional recommendation:

c. A delegation to the Service Director for Strategic Asset Management, in consultation with the Lead Member for Economic Development, Planning and Assets, to make any minor amendments to the Policy for the Disposal of Assets.

The Executive proceeded to vote on the recommendations, which were agreed unanimously.

Following consideration of the officer report, appendices and discussion, the Executive agreed

a. The approval of the Policy for the Disposal of Assets.

b. To note that a subsequent Framework for Service and Asset Devolution will

provide further supplemental guidance covering the devolution of Assets to City, Town and Parish Councils.

c. A delegation to the Service Director for Strategic Asset Management, in consultation with the Lead Member for Economic Development, Planning and Assets, to make any minor amendments to the Policy for the Disposal of Assets.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

65 Celebration Mile - Bridgwater Urban Realm Enhancement Scheme Contract Award - Agenda Item 10

The Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, introduced the report, highlighting: that the project budget is delivered via Government Towns Fund grant; the procurement process, financial and delivery options for the Celebration Mile in Bridgwater; the public realm improvement scheme and the enhancement and delivery of streetscape improvements from the railway station through to the docks.

The Regeneration Project Manager, Stuart Martin, presented the report, highlighting: the identified preferred main contractor to deliver the works with formal appointment being subject to the successful outcome of further officer and contractor discussions to value engineer and de-scope elements of work to bring an agreed contract price to within project budget levels; the procurement process and contingencies; the enhancement of Bridgwater town centre through accessibility to pedestrians and cyclists, creating a better trading environment for the businesses and match the expectations of the major investors already in the area; and the extensive consultation undertaken.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the change in town deal project undertaking and government funding requirements; the importance of Tell Local Councillor and the sharing of information and involvement of local members; and the planned all member regeneration briefing and communication learnings through previous projects.

Having been duly proposed and seconded, the Executive unanimously agreed to delete 'The result of this process to be brought back to Executive for ratification' from recommendation b, and amend to:

b. That a delegation be provided to the Lead Member for Economic Development, Planning and Assets in consultation with the Service Director Economy, Employment and Planning to confirm contractor appointment following the discussions and which must result in the assurance that the project will not require additional top-up funds from Somerset Council.

Following consideration of the officer report, appendices and discussion, the Executive agreed:

a. That Taylor Woodrow SWH Contracting be identified as the preferred main contractor to deliver the works with formal appointment being subject to the successful outcome of further officer and contractor discussions to value engineer and de-scope elements of work to bring an agreed contract price to within project budget levels.

b. That a delegation be provided to the Lead Member for Economic Development, Planning and Assets in consultation with the Service Director Economy, Employment and Planning to confirm contractor appointment following the discussions and which must result in assurance that the project will not require additional top up funds from Somerset Council.

c. The work to de-scope and value engineer the project will include the following; a reduction in the area identified for enhancement, alternative materials to replace natural stone such as granite and removal of the proposal to create new facades in the colonnade area of Angel Crescent.

d. The case for exempt information in Appendix B and Appendix D of the report to be treated in confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

66 Decision to award Contracts for Care and Support at Home in Somerset -
Agenda Item 11

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Adult Social Care, Cllr Dean Ruddle, to present the report.

The Lead Member for Adult Social Care, Cllr Dean Ruddle, introduced the report, highlighting: that the report included a conclusion and recommendations from a procurement process to award a number of block contracts to successful applicants to secure the supply of quality care and support at home services; that the approach will help to develop a market that delivers a wide range of sustainable high-quality care and support services in difficult to source or high demand areas; that this service will deliver better outcomes for people, enabling them to continue living at home for as long as it is safe to do so; and the contribution to reducing hospital admissions, delayed discharge or long-term care home placements and associated costs.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the need for good quality support arrangements to enable people to stay in their own homes; and the collaborative approach to meeting needs at local levels with commissioned care providers working alongside micro providers to provide a choice of delivery.

The Executive proceeded to vote on the recommendations, which were agreed unanimously.

Following consideration of the officer report, appendices and discussion, the Executive:

- a. Approved the outcome of the procurement process to award contracts to the suppliers named in Tender Evaluation Report Confidential Appendix B of the report, to provide home care services via a guaranteed block contract for a period up to 10 years.**

Lot Number	Title	Awarded supplier
1	Glastonbury and Street – 150 hours p/w	Bidder E
2	Shepton Mallet and Wells – 200 hours p/w	Bidder E
3	Frome – 100 hours p/w	Bidder A
4	Yeovil – 150 hours p/w	Bidder A

5	Bridgwater – 200 hours p/w	Bidder A
6	Minehead – 200 hours p/w	Bidder G

b. Approved the establishment of an open framework for the Provision of new care and support at home for an initial period of 5 years, with an option to extend by two further periods of up to 2 years each and one further period of up to 1 year (up to 10 years in total). The annual value of the open framework is estimated at £26m in year 1. This figure will be adjusted for inflation annually as part of the Council’s MTFP process.

c. Agreed the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached confidential Appendix B in confidence, as it contains commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

Lunch Break – 12.35 – 1.15pm

67 Award of contract for Highways Services - Agenda Item 12

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Transport and Digital, Cllr Mike Rigby, to introduce the report.

The Lead Member for Transport and Digital, Cllr Mike Rigby, introduced the report, highlighting: the contract awards for Highway Surfacing, Highway Surface Treatments, and Highway New Assets, including contract periods and costs.

The Strategic Manager of Highways and Transport, Mike O’Dowd-Jones, presented the report, highlighting the robust procurement process, the capital budget funding, and the forward funding from the Department of Transport.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the welcome climate change and sustainability

considerations.

Following consideration of the officer report, appendices and discussion, the Executive:

- a. Approved the award of a 4 year contract with the option of a four year extension to Supplier B as identified in the confidential Appendix A of the report; for the provision of Highway Surface Treatments services from 1st April 2024.**
- b. Approved the award of a 4 year contract with the option of a four year extension to Supplier B as identified in the confidential Appendix B of the report; for the provision of Highway Surfacing services from 1st April 2024.**
- c. Approved the award of a framework contract for a period of 4 years to Supplier D as identified in the confidential Appendix C of the report; for the provision of Highway New Assets services from 1st April 2024.**
- d. Delegated the future decision regarding the extension of the contracts beyond their initial term to the Lead Member or equivalent responsible for Highways Services having due regard to the contract terms.**
- e. Agreed that Appendices A, B and C be treated in confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

68 Voluntary, Community, Faith and Social Enterprise Strategic Funding - Agenda Item 13

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Transformation and Human Resources, Cllr Theo Butt-Philip, to introduce the report.

The Lead Member for Transformation and Human Resources, Cllr Theo Butt-Philip, introduced the report, highlighting: that the voluntary, community, faith and social enterprise sector (VCFSE) is an acknowledged key partner for the Council and broader Integrated Care System (ICS) as underlined by the signing of a new Memorandum of Understanding on 28 September 2023; the value of the longer term

multi-year funding settlement; that the report relates to core funding for two key strategic partners for the Council: Citizens Advice Somerset and Spark Somerset; and that the agreement will enable the two organisations to continue and provide a wider range of services.

The Service Director – Partnerships and Localities, Sara Skirton, presented the report, highlighting: the work led by the Partnerships and Localities service to review and consolidate agreements with the VCFSE sector to develop a more strategic, sustainable and efficient approach; and that the multi-year agreements will provide greater security of funding and enable VCFSE organisations greater flexibility in the delivery of outcomes, to support innovation, ensure consistency of service provision across the county, provide greater coherence and enable efficient monitoring, planning and administration for the organisation and the Council.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the welcome support of the voluntary sector; the importance of a vibrant VCFSE sector for Somerset Council and Somerset residents; the small community grants and two predecessor District Council lotteries; the process and implications of a Section 114 Notice; and the resilience of the voluntary sector and the focus on strategic relationships with key partners to communicate regarding the financial situation.

Following consideration of the officer report, appendices and discussion, the Executive agreed:

- 1. To a three-year core funding agreement (Early Help and Prevention) for the period 1 April 2024 to 31 March 2027 (with options to extend 1 plus 1), for Citizens Advice Somerset (CAS) and Citizens Advice West Somerset (CAWS).**
- 2. To a total core funding (Early Help and Prevention strand) allocation of £629,000 in year one followed by funding of £600,000 in subsequent years for Citizens Advice Somerset and Citizens Advice West Somerset, allocated as follows -**
 - i. £629,000 – CAS £581,137; CAWS £47,863**
 - ii. £600,000 – CAS £552,137; CAWS £47,863**
- 3. To up to five-year contract, jointly funded with Somerset ICB, to support VCFSE infrastructure and sector engagement with Spark Somerset for 1 April 2024 to 31 March 2027 (with options to extend 1**

plus 1), with a combined value of up to £750k per annum.

4. To allocate a minimum £250k local authority contribution to VCFSE infrastructure per annum for 3 years.
5. To delegate responsibility to the Service Director Partnerships and Localities in consultation with the Lead Member for Transformation and Human Resources to finalise and agree a mechanism to support a small grants process.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

(The meeting ended at 1.40pm)

.....
CHAIR

Decision Report - Executive Decision
Forward Plan Reference: FP/23/05/04
Decision Date - 06 December 2023
Key Decision - No



2023/24 Budget Monitoring Report Q2 – Month 6 – End of September 2023

Executive Member(s): Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member on Resources and Performance

Local Member(s) and Division: All

Lead Officer: Nicola Hix, Director of Finance & Procurement

Author: Nicola Hix, Director of Finance & Procurement

Contact Details: nicola.hix@somerset.gov.uk

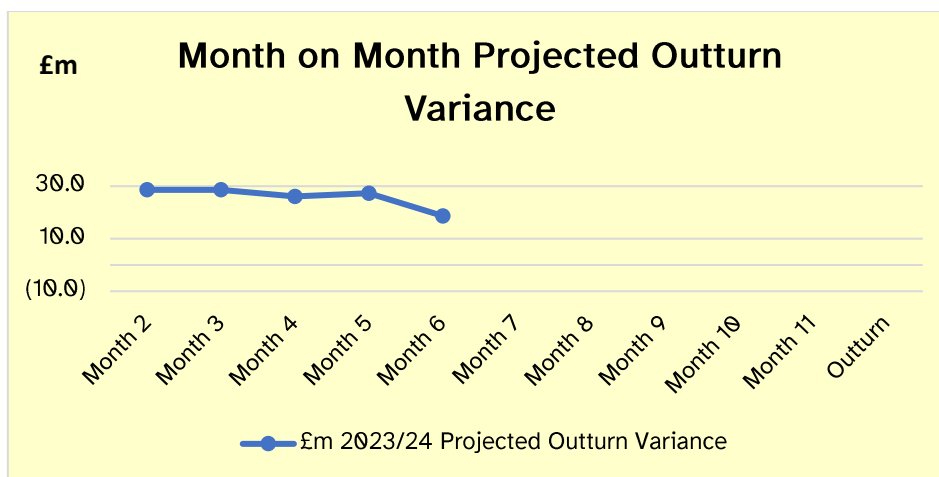
Summary

1. The Council is projecting an overspend of £18.7m for 2023/24, which equates to 3.8% of the net budget for the year. This is an improvement of £8.6m from the previous forecast of £27.3m in month five.
2. The forecast overspend for year is driven by Adults Services overspend of £14.9m and Children's Services of £12.4m. Together these total £27.3m and mask the fact that the rest of the council is forecast to be £8.6m underspend. The other concerning aspect of the Adults and Childrens Services overspend is that they both impact upon the following financial year as well.
3. We have taken a range of actions to address the in-year budget position, alongside the monthly reporting of the budget monitoring position to Scrutiny and the Executive, we have established a number of daily and weekly control boards: -
 - Establishment & Recruitment Control Board - to assess all workforce requests and changes.
 - Commercial & Procurement Control Board – to review and challenge all new commissions, annual uplifts in contract and contract renewals.
 - Spend Control Board – ensuring that all purchases over £100 are reviewed and challenged to avoid any non-essential spend.
 - Adult Social Care Panel – to review and challenge placements.

- Childrens Care Panels – various panels to review and challenge placements.
4. **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis as at the end of September with further detail and mitigations being taken by the responsible director outlined in the body of the report. After taking into account all service expenditure and contingencies the projected outturn position is £511.6m against a net budget of £492.9m. It has been particularly challenging to produce budget monitoring for this financial year so far and paragraph 25 provides more detail on this. The format of the table has changed this month to show greater detail down to individual service level and to highlight the areas of concern with a RAG status column. The format of the budget monitoring report will continue to be developed and evolve during the year as we further develop our financial reporting following the introduction of the new finance system budget monitoring tool.

**Table 1: 2023/24 Budget Monitoring Report as at the end of September 2023
(Month 6)**

Service Area	Original Budget	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m	£m			£m
Adult Services							
Adult Social Care Operations - Physical Disability/Sensory Loss/65 Plus	114.2	114.3	119.6	5.3	A	Red	0.0
Adult Social Care Operations - Mental Health	23.5	23.5	24.5	1.0	A	Red	0.0
Adult Social Care Operations - Learning Disabilities	110.5	109.9	117.4	7.5	A	Red	0.0
Commissioning	(62.2)	(62.2)	(61.1)	1.1	A	Red	0.0
Adult Services Total	186.0	185.5	200.4	14.9	A	Red	0.0
Children, Families & Education Services							
Children & Families	81.8	82.0	92.7	10.7	A	Red	0.6
Commissioning and Performance	11.1	11.2	10.9	(0.3)	(F)	Green	(0.3)
Inclusion	12.6	15.8	17.5	1.7	A	Red	0.0
Education, Partnerships and Skills	17.4	14.1	14.4	0.3	A	Red	0.3
Children & Family Services Total	122.9	123.1	135.5	12.4	A	Red	0.6
Community Services							
Housing	5.9	6.1	6.1	0.0	-	Green	0.0
Customer Services	6.9	6.6	6.6	0.0	-	Green	0.0
Cultural Services	9.1	8.7	9.1	0.4	A	Red	0.4
Regulatory & Operational Services	13.1	12.4	13.3	0.9	A	Red	0.9
Community Services Total	35.0	33.8	35.1	1.3	A	Red	1.3
Climate & Place							
Climate, Environment & Sustainability	55.8	55.5	56.1	0.6	A	Red	(0.2)
Infrastructure & Transport	21.8	22.1	23.2	1.1	A	Red	(0.4)
Economy, Employment & Planning	10.5	10.4	10.4	0.0	-	Green	0.0
Accountable Bodies	3.7	3.7	(3.3)	(7.0)	(F)	Green	(7.0)
Climate & Place Total	91.8	91.7	86.4	(5.3)	(F)	Green	(7.6)
Strategy, Workforce & Localities							
Partnership & Localities	0.8	2.8	2.8	0.0	-	Green	0.0
Strategy & Performance	3.2	3.3	3.3	0.0	-	Green	0.0
Workforce	6.0	5.8	5.4	(0.4)	(F)	Green	(0.2)
Governance, Democratic & Legal Services	9.0	9.3	10.6	1.3	A	Red	(0.2)
Strategy, Workforce & Localities Total	19.0	21.2	22.1	0.9	A	Red	(0.4)
Resources & Corporate Services							
Finance	12.6	12.8	11.4	(1.4)	(F)	Green	(1.2)
Strategic Asset Management	(9.2)	(9.6)	(9.2)	0.4	A	Red	0.0
Information Communication Technology	17.7	17.8	16.6	(1.2)	(F)	Green	(1.3)
Resources & Corporate Services Total	21.1	21.0	18.8	(2.2)	(F)	Green	(2.5)
Public Health	1.7	1.0	1.0	0.0	-	Green	0.0
Non-Service	9.8	9.8	6.2	(3.6)	(F)	Green	(0.1)
Traded Services							
Dillington	0.0	0.0	0.3	0.3	A	Red	0.1
Traded Services Total	0.0	0.0	0.3	0.3	A	Red	0.1
Total Service Position	487.3	487.2	505.9	18.7	A	Red	(8.6)
Corporate Contingency	6.0	5.7	5.7	0.0	-	Green	-
Total After Contingencies	493.3	492.9	511.6	18.7	A	Red	(8.6)
Reserves	(19.9)	(19.9)	(19.9)	0.0	-	Green	0.0
Transfers to Schools	0.0	0.4	0.4	0.0	-	Green	0.0
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-	Green	0.0
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-	Green	0.0
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-	Green	0.0
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-	Green	0.0
Total Position	0.0	(0.0)	18.7	18.7	A	Red	(8.6)



5. The Finance team are working closely with directorate management teams to challenge the financial assumptions which are being forecast. Everyone is fully engaged in understanding the reasons behind the assumptions and also working together as a team to mitigate overspends were possible.

Recommendations

6. That the Executive:
 - a) Approves that it will continue to receive a monthly update on the financial position and actions being taken to address it.
 - b) Notes the forecast overspend of £18.7m (3.8%) for the year and the recovery action being taken and mitigations put in place to address this.
 - c) Notes that the format of the Budget Monitoring has now changed for month six.

Reasons for recommendations

7. To ensure that the Council continues to maintain tight financial control over its budget.

Other options considered

8. No other options were considered as continuing to monitor the budget on a monthly basis is considered best practice.

Links to Council Plan and Medium-Term Financial Plan

9. The 2023/24 Budget was approved by Council in February 2023 as part of the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan.

Financial and Risk Implications

10. There are two relevant Strategic Risk which are ORG0070 Budget Overspend in the current financial year and ORG0057 Sustainable Medium Term Financial Plan. For both of these risks the current scores are:

Likelihood	5	Impact	5	Risk Score	25
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11. The financial impact of an overspend of £18.7m in the current financial would result in a reduction in the level of General Reserves from £49.8m to £31.1m. This remains above the £30m minimum risk-based assessment of the reserves approved by Council in February 2023.
12. The variances causing the net overspend are a mixture of on-going and once-off items, and the on-going items will have a financial impact upon 2024/25 if they are not addressed.

Legal Implications

13. There are no specific legal implications arising from this report.

HR Implications

14. There are no specific HR implications arising from this report.

Other Implications:

Equalities Implications

15. There are no specific equalities implications arising from this report.

Community Safety Implications

16. There are no community safety implications arising from this report.

Climate Change and Sustainability Implications

17. There are no climate change and sustainability implications arising from this report.

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

20. There are no Social Value implications arising from this report.

Scrutiny comments / recommendations:

21. This report will be presented to Scrutiny for Corporate & Resources Committee, on 5 December 2023.

Background

22. The Full Council approved the 2023/24 Budget in February 2023, the first budget for Somerset Council. Budget monitoring is delegated to Executive and Scrutiny and revenue service reports will be presented monthly with a full overview of revenue, capital, and reserves quarterly. This report outlines the forecast year-end position of services against the 2023/24 budget of £492.9m as at the end of September 2023.

23. **Table 1** provides a summary of each service budget, with projections and variances for the year shown against these. Further details and mitigations being taken by the responsible director are outlined in appendices 1-10 (including an updated on MTFP savings and the Treasury Management update). The significant variances at month six are:

- Adult Services has a £14.9m adverse variance against their budget (8% of service budget). This variance is mainly in the Adult Social Care and Learning Disabilities budget areas due to fee levels being high than anticipated.
- Children's Services have a £12.4m adverse variance against their budget (10.1% of service budget), an unfavourable movement of £0.6m from month five. This increase is mainly due to identification of an under accrual for

22/23 of £0.9m within External Placements which will remain as expenditure in 2023/24.

- Climate and Place have a favourable variance of £5.3m against their budget. This is a reduction of £7.6m since month five. The favourable movement in the main is due to income received via Connecting Devon and Somerset. The balance received has been reduced due to overspends in Waste Services, and Highways.
- Resources and Corporate have a £2.2m favourable variance (10.5% of service budget). The majority of the favourable variance is seen in Finance and Information Communication Technology Services.
- Non-Services have a favourable variance of £3.6m due once off in year favourable treasury management activities, together with carefully management of the Council's cashflow which has at times seen and higher than anticipated cashflow levels.

2023/24 Budget & Forecast Outturn Position

24. The 2023/24 Budget was put together using the information from the five predecessor councils which all recorded things in different ways and also before the full officer structure was finalised. Therefore, there is still some alignment of budgets to take place which will require budget virements. Service Directors are currently developing their service structure which will require further adjustments to the budget in order to reflect the new staffing establishment.

25. It has been particularly challenging to produce budget monitoring for this financial year so far, for a number of reasons such as:

- The implementation of the new Finance System Microsoft Dynamics and Solver in April 2023 meant a whole new system and way of financial transactions going in and out of the Council.
- The amalgamation of the 5 legacy council's budgets done pre vesting day has needed considerable adjustment to since April to fit with the current structure for Somerset Council.
- We have struggled to identify which budgets, if any would need to be moved to form completely new services formed e.g. LCN's

- Errors have been found in budgets that have needed to be corrected, or managed where correction cannot be made. Some legacy Council's did not have budgets for expenditure commitments made. We have also found that income included in the budget to be achieved was never going to be and therefore income budgets are overstated.
 - Additional pressures have been identified to significant areas of spend where we had predicted budgets to be sufficient e.g. the pay award budgeted for at 5% but agreed at £1,925 which is equivalent to 6.1% and approximately £2m to be funded from contingency.
 - Considerable work has been needed to staffing establishment information, as a significant number of posts were not funded, or were allocated to be funded from reserves, but individuals have permanent contracts. This has had to be unpicked and corrected in collaboration with our HR colleagues.
26. After accounting for all service expenditure and contingencies the projected outturn position at month six is £511.6m against a net budget of £492.9m. This gives a £18.7m adverse variance which represents a variance of 3.8%. With the financial challenges outlined in this paper the Council needs to move at pace to deal with the difficult financial situation that the council now faces. Further information for each service is shown in appendices 1 to 8, along with details on movements, actions to be taken, future risks and opportunities.

Background Papers

27. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023
28. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023
29. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive November 2023

Appendices

Appendix 1: Adults Services

Appendix 2: Children, Families & Education Services

Appendix 3: Community Services

Appendix 4: Climate and Place (including Accountable Bodies)

Appendix 5: Strategy, Workforce and Localities

Appendix 6: Resources and Corporate Services

Appendix 7: Public Health

Appendix 8: Other service areas, (including Collection Fund)

Appendix 9: MTFP Savings Monitoring

Appendix 10: Treasury Management

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	20/11/2023
Communications	Peter Elliot	21/11/2023
Finance & Procurement	Nicola Hix	20/11/2023
Workforce	Dawn Bettridge	20/11/2023
Asset Management	Oliver Woodhams	20/11/2023
Executive Director / Senior Manager	Jason Vaughan	20/11/2023
Strategy & Performance	Alyn Jones	24/11/2023
Executive Lead Member	Cllr Liz Leyshon	20/11/2023
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	20/11/2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	20/11/2023

Appendix 1 – Adult Services

Lead Member for Adult Services: Cllr Dean Ruddle

Executive Director: Mel Lock

Service Directors

- Adult Social Care Operations: Emily Fulbrook
- Adult Social Care Commissioning: Paul Coles
- Adult Social Care Transformation: Nikki Shaw

Table 1: Adult Services as at the end of September 2023 (Month 6)

- 2023/24 net budget £185.5m, projected adverse variance £14.9m, no movement from month five.
- 2022/23 net budget £160.7m, outturn adverse variance £15.4m

Service Area	Current Budget £m	Full Year Projection £m	Month 6 Variance £m	A/(F)	RAG Status	Movement From Month 5 £m
Adult Social Care Operations - Physical Disability/Sensory Loss/65 Plus						
PD/SL/65P Residential & Nursing	58.0	58.9	0.9	A	Red	0.0
Home Care	28.2	31.0	2.8	A	Red	0.0
Direct Payments	12.5	14.2	1.7	A	Red	0.0
Staffing Costs	12.5	11.5	(1.0)	(F)	Green	0.0
Transport, Daycare & Other	3.1	4.0	0.9	A	Red	0.0
sub total	114.3	119.6	5.3	A	Red	0.0
Adult Social Care Operations - Mental Health						
MH Residential & Nursing	14.7	14.6	(0.1)	(F)	Green	0.0
Home Care/Supported Living	5.7	6.9	1.2	A	Red	0.0
Staffing/Deprivation of Liberty, Safeguards	1.4	1.4	0.0	-	Green	0.0
Direct Payments, Day Care & Transport	1.7	1.6	(0.1)	(F)	Green	0.0
sub total	23.5	24.5	1.0	A	Red	0.0
Adult Social Care Operations - Learning Disabilities						
LD Residential & Nursing	23.8	25.3	1.5	A	Red	0.0
Supported Living/Home Care	33.7	38.5	4.8	A	Red	0.0
Direct Payments/In Control	10.7	9.7	(1.0)	(F)	Green	0.0
Day Care	6.4	6.9	0.5	A	Red	0.0
Discovery	30.5	30.9	0.4	A	Red	0.0
Transport, Shared Lives & Other	2.4	2.6	0.2	A	Red	0.0
Central & Salaries	2.4	3.5	1.1	A	Red	0.0
sub total	109.9	117.4	7.5	A	Red	0.0
Commissioning						
Commissioning	(62.2)	(61.1)	1.1	A	Red	0.0
sub total	(62.2)	(61.1)	1.1	A	Red	0.0
Total	185.5	200.4	14.9	A	Red	0.0

Adult Services - key explanations, actions & mitigating controls

Adult Services overspend is £24.2m due to an increase in both fee levels for care home placements and delivery of home care, offset by a number of in-year mitigations to reduce it to £14.9m.

Since 2020/21 we have seen an increase of 41% in residential placements and this significant increase can be seen across all care home placement types. In October 2022, the unmet needs list was around 150 people waiting for homecare, the number current waiting is two people. This increase in delivery is now showing as a full year effect in the table above.

To offset this, overspend, a number of in year mitigations and funding have been identified including the market sustainability funding - workforce grant of £3.8m, in year mitigations of £3m including reviewing all 1:1 with a view to reducing hours required and £2.5m NHS monies.

Adult Social Care - Physical Disability/Sensory Loss/65 Plus

This area of adults is currently projecting to be £5.3m overspent. As in previous years, we continue to see pressure within residential and nursing placements, with pressure on the weekly costs, as well as the number of people receiving support.

Historically the authority has paid low fee rates within this sector. The increase in fee levels for 23/24 are still not stabilising the market, due to the increase in inflation and cost of living.

There continue to be a number of interim placements as the service works with the NHS trusts to ensure a timely discharge for people from hospital. These placements are currently projected to cost £1.8m.

We continue to deliver more homecare, to allow people to remain in their own homes for as long as possible to help reduce the overreliance on beds, as well as it being the best place for them. This has led to reported overspends of £2.8m for home care.

As we continue to offer choice and have a varied market that includes micro-providers, we have seen an increase in the use of direct payments, resulting in a projected overspend of £1.7m.

Mental Health

This budget includes individuals who have a diagnosis of dementia. The budget continues to be an area of growth for the past few years, and this has continued in 2023/24. We are currently projecting an overspend of £1m mainly within home care and supported living. Residential and nursing continues to be a pressure for the service due to a combination of increasing numbers and high unit costs.

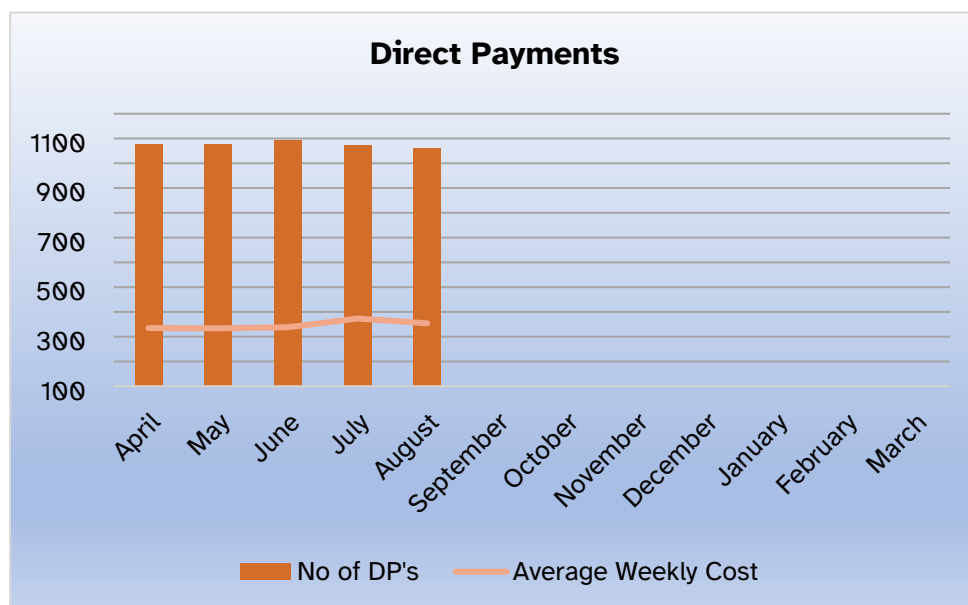
Learning Disabilities

Overall, the cost of Learning Disabilities is projected to overspend by £7.5m. Since outturn we have seen a number of high costs placements come through, either via transitions or due to other forms of funding ending. The four main pressure areas continue to be residential & nursing £1.5m, supported living and homecare £4.8m and day care £0.5m due to market sustainability. Supported Living is in the best interest of people but is an area where unit costs can be high.

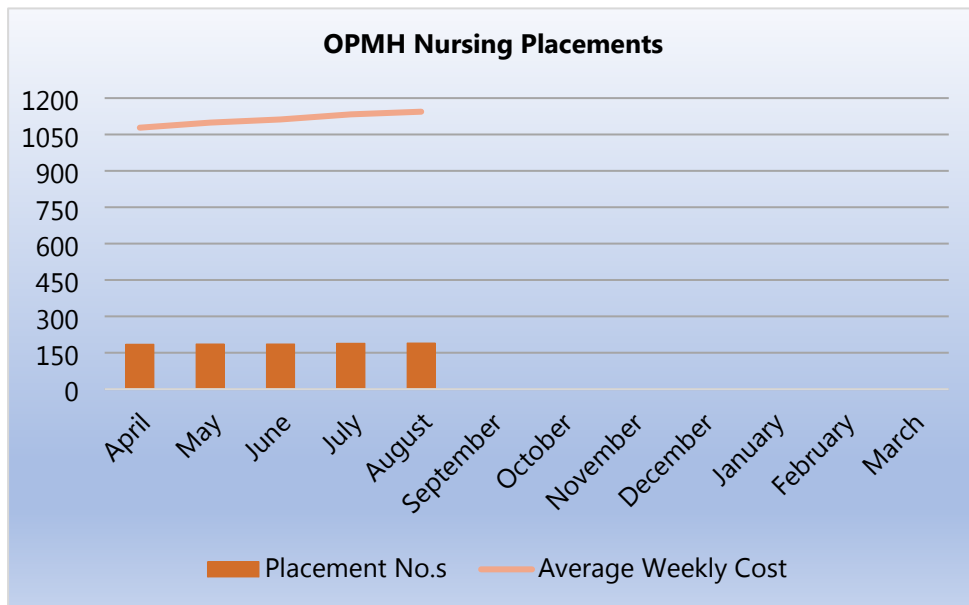
Commissioning

Commissioning is currently projecting to overspend by £1.3m, as the Adults transformation 'my life, my future' will not achieve the full £5m saving.

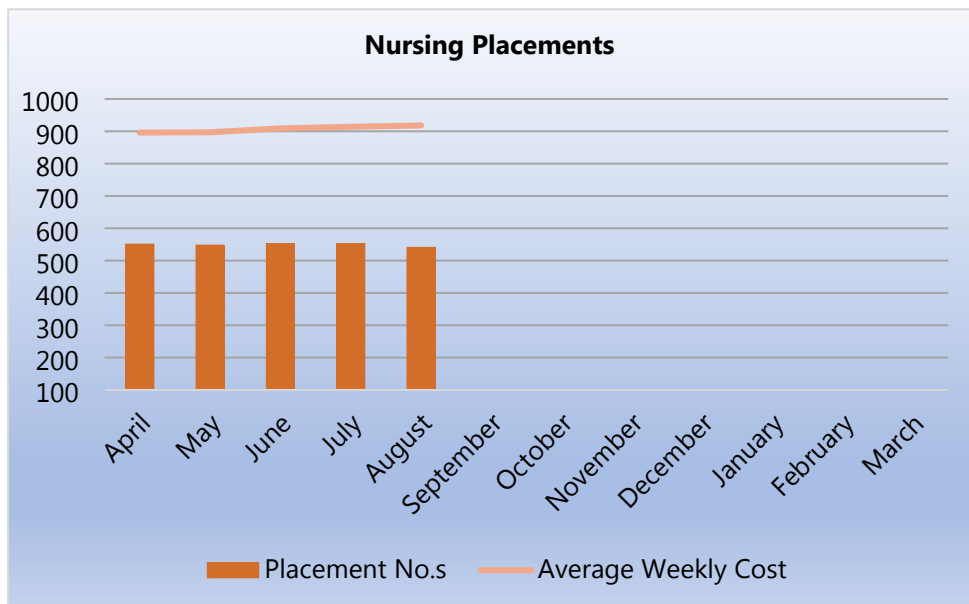
Adult Services - key performance cost drivers



Since the beginning of the financial year, we have seen the number of people receiving a Direct Payment within ASC decreased from 1,077 to 1060 packages. The current weekly average cost of an ASC Direct Payment is £354 per package.



The number of Older People Mental Health (OPMH) Nursing placements has increased by five placements since April, from 185 to 190. The current weekly average cost for OPMH Nursing is £1,144 per placement.



Nursing placements decreased by ten since April from 551 to 541. The current weekly average cost for Nursing is £918 per placement.

Adult Services - key risks, future issues & opportunities

90% of the ASC budget is spent on individual placements purchased through the market via block and spot placements. Therefore, there is a significant risk that this budget will continue to overspend. This is due to increased demand and the cost-of-living rise, particularly the increases in petrol, gas, electric, and food.

We have a number of mitigations that are not currently reflected in the financial position above but across the financial year we will start to see the impact:

- Enhanced Peer Forum – Robust financial and operating challenge
- Reviewing Interim Placements – This review will identify those who should be self-funding/contributing towards their long-term care.
- My life, my future – reduce the overreliance on bed placements and redesign the reablement service.
- Review all high cost/complex placements.
- Review void costs.

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Appendix 2 – Children, Families & Education Services

Children & Family Services

Lead Member for Children, Families and Education: Cllr Tessa Munt

Executive Director: Claire Winter

Service Directors:

- Children and Families: Jayne Shelbourn-Barrow
- Commissioning and Performance: Richard Selwyn
- Inclusion: Rob Hart
- Education, Partnerships and Skills: Amelia Walker

**Table 1: 2023/24 Children & Family Services as at the end of September 2023
(Month 6)**

- 2023/24 net budget £123.1m, projected adverse variance £12.4m, adverse movement £0.6m
- 2022/23 net budget £107.1m, outturn adverse variance £21.2m

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Children & Families						
Prevention Services	5.7	5.8	0.1	A	Red	0.1
Fostering & Permanence	13.3	12.6	(0.7)	(F)	Green	(0.7)
External Placements	38.4	48.8	10.4	A	Red	0.3
Fieldwork	9.1	10.0	0.9	A	Red	0.9
Disabilities	6.8	6.3	(0.5)	(F)	Green	(0.5)
Partnership, Audit & Quality	2.7	2.7	0.0	-	Green	0.0
Children Looked After	4.7	4.9	0.2	A	Red	0.2
Leaving Care	2.2	2.5	0.3	A	Red	0.3
CSC Management	(0.9)	(0.9)	0.0	-	Green	0.0
C&F Apportionments	0.0	0.0	0.0	-	Green	0.0
sub total	82.0	92.7	10.7	A	Red	0.6
Commissioning and Performance						
C&P Commissioning	2.0	2.0	0.0	-	Green	0.0
Performance and Transformation	4.4	4.3	(0.1)	(F)	Green	(0.1)
Business Support	4.1	4.1	0.0	-	Green	0.0
Children, Families & Education Team	0.7	0.5	(0.2)	(F)	Green	(0.2)
sub total	11.2	10.9	(0.3)	(F)	Green	(0.3)
Inclusion						
Special Educational Needs and Disabilities	3.1	3.1	0.0	-	Green	0.0
Vulnerable Learners	0.2	0.2	0.0	-	Green	0.0
Educational Psychology	2.1	2.1	0.0	-	Green	0.0
Inclusion Transformation and Partnerships	0.1	0.1	0.0	-	Green	0.0
SEND Transport	10.1	11.8	1.7	A	Red	0.0
Inclusion Strategic Management	0.2	0.2	0.0	-	Green	0.0
sub total	15.8	17.5	1.7	A	Red	0.0
Education, Partnerships and Skills						
Education Leadership	0.1	(0.1)	(0.2)	(F)	Green	(0.2)
Education Operations	(0.1)	(0.3)	(0.2)	(F)	Green	(0.2)
Curriculum and Literacy	(0.1)	0.4	0.5	A	Red	0.5
Education Places	0.6	0.7	0.1	A	Red	0.1
Home to School Transport	12.9	12.9	0.0	-	Green	0.0
EPS Management	0.7	0.8	0.1	A	Red	0.1
sub total	14.1	14.4	0.3	A	Red	0.3
Children, Families & Education Services Total	123.1	135.5	12.4	A	Red	0.6

Children & Family Services - key explanations, actions, and mitigating controls

External Placements

The external placements budget is forecasting a total overspend of £10.4m, an adverse movement of £0.3m from month five.

Of this overall variance, the unregistered placement overspend is £3.4m a reduction of £0.8m from month five and the residential overspend is £4.5m at increase of £0.3m.

The service has been able to move children from out of unregistered placements therefore reducing the projected overspend. However, due to complexity of their need, these children have moved to residential care placements, which although less expensive than unregistered placements have increased the pressure on residential care budgets. We anticipate that all but one unregistered placement will end by the end of November, with the majority of these children able to move to Homes and Horizons residential homes.

Reconciliation of 23/24 actual expenditure against the 22/23 accruals processed has identified an under accrual of £0.9m. This will be noted as an unadjusted error in the 22/23 accounts and will remain as expenditure in 23/24. Therefore, offsetting the reduction in 23/24 placement spend resulting in a net adverse movement of £0.3m.

Internal Fostering

There are currently fewer in-house foster carers than planned in the 23/24 budget which has resulted in a projected underspend of £1.3m. However, there has been a significant increase in the number of connected persons (family and friends) foster carers so the pressure of £0.6m in this area is mitigating against the in-house fostering underspend.

There are a significant number of children in residential care beds with local providers whose needs would be best met in foster care. However, due to a lack of sufficiency in the internal and external fostering services, these children have had to be placed in residential care temporarily.

As part of the Children's transformation programme, intensive and ongoing work to increase the number of in-house foster carers will lead to up to 20 new foster care

approvals by the end of March 2024. Currently we anticipate a minimum of five of these being able to care for children who are currently in the residential sector.

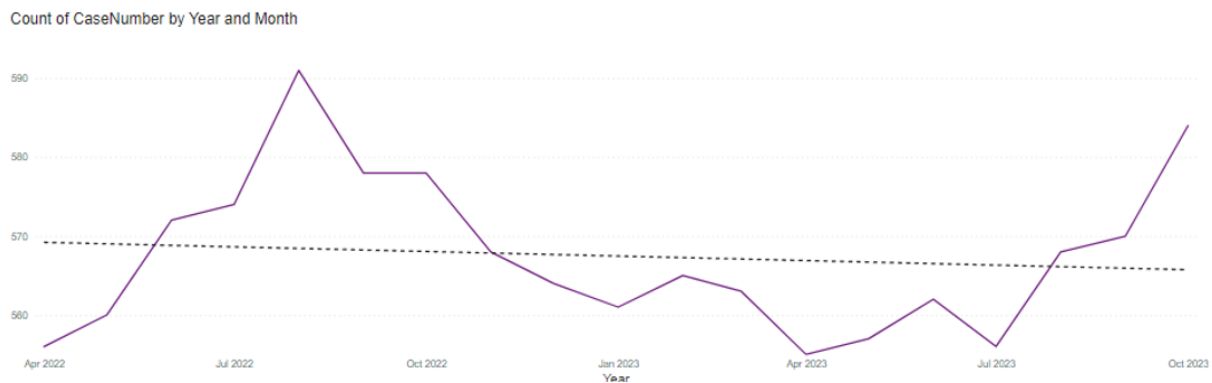
Fieldwork (Support for Children at Home)

In emergencies and when ordered to do so by the court, the service has provided 24/7 supervision of families in their own home. This is an expensive and usually externalised service. We are challenging the validity of this expenditure in the High Court.

The high number of 24/7 support at home packages has resulted in an overspend against the Fieldwork (section 17) budget of £0.9m.

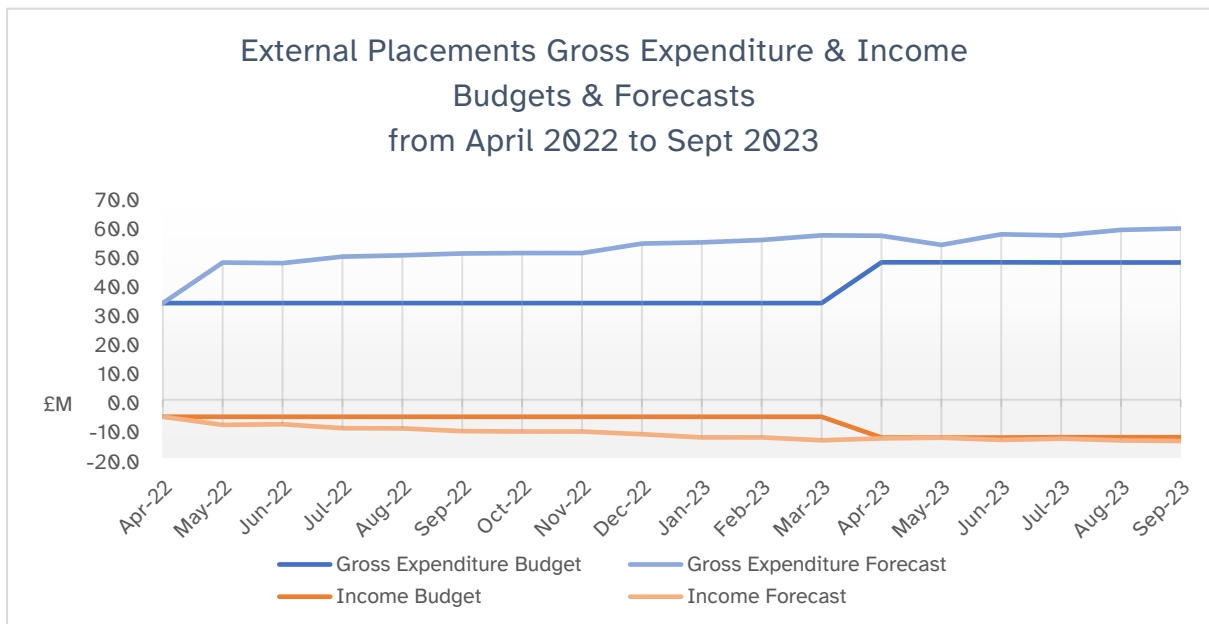
Children & Family Services – key performance cost drivers

The number of children in care had remained relatively stable for a significant period with an unexpected spike in the summer of 2022. This spike was largely children in their teenage years with complex needs. This has had an impact on the number of children in external placements and costs for these children were also higher than expected due to the complexity of their needs and the lack of sufficiency in foster placements.



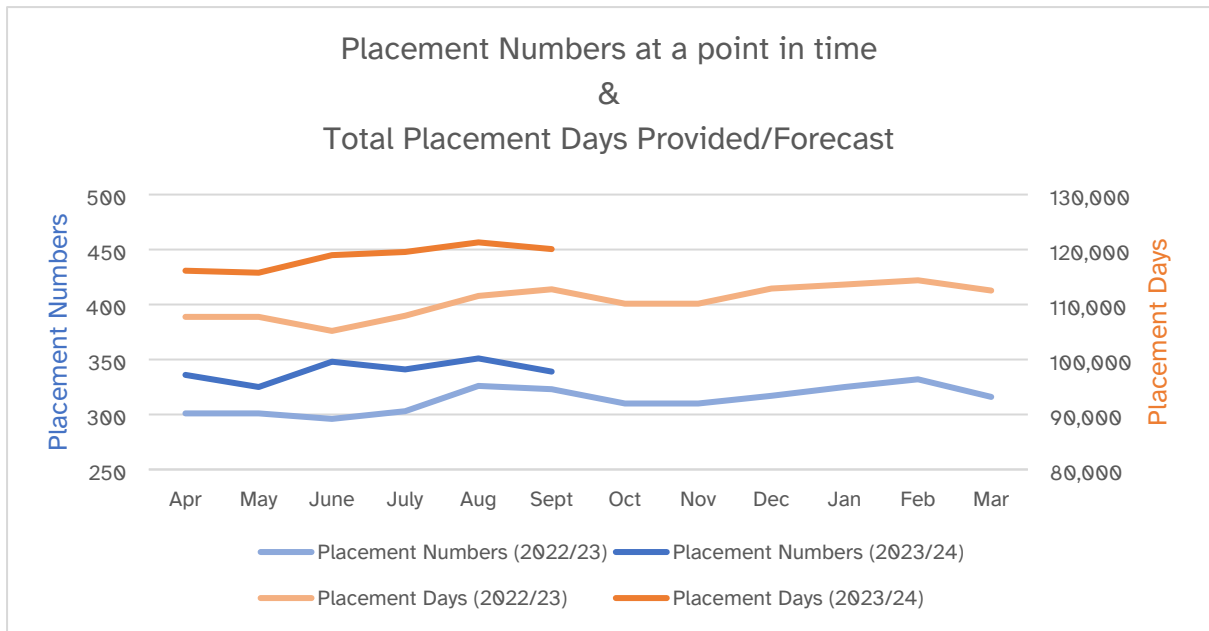
The number of children in care has increased by approximately 30 since July 2023. This largely relates to sibling groups where a non-accidental injury has occurred with the majority of these children being placed in foster care during court proceedings.

The external placements gross expenditure base budget for 2023/24 increased by £14.0m to £47.3m in 2023/24. The forecast gross expenditure for 2023/24 is £58.9m, resulting in a net forecast overspend of £10.4m due to the pressure being partly offset by NHS and DSG contributions.

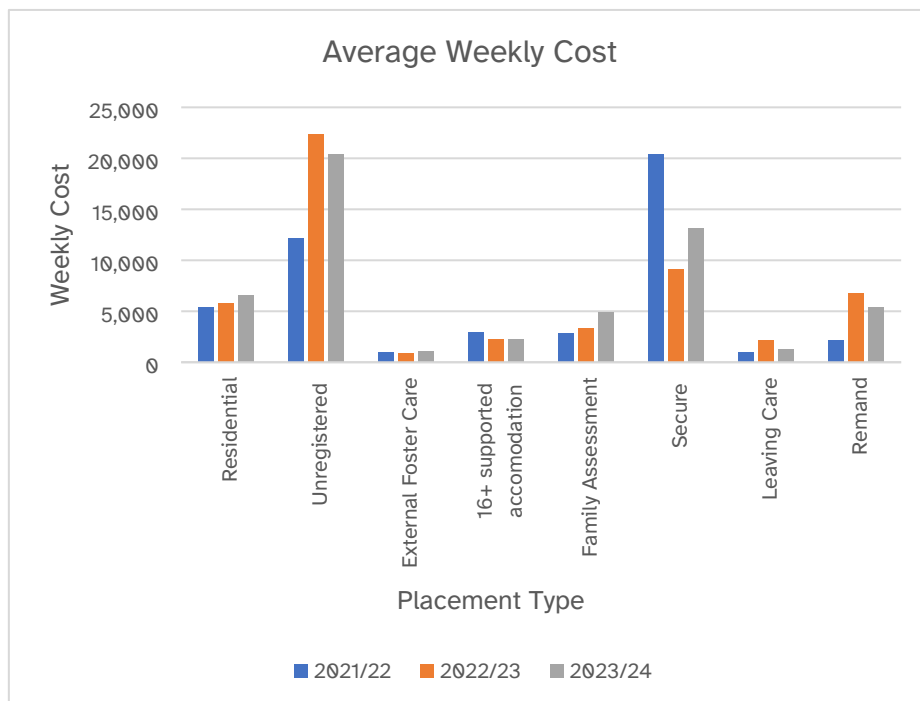


Placement numbers and the forecast number of placement days has increased compared to September last year, mainly due to:

- Increases in placements for Unaccompanied Asylum-Seeking Children (UASC), largely from the National Transfer Scheme, from a low base, which are only partly funded from the UASC Grant.
- Increases in residential placements due to both complexity of children and lack of sufficiency within the fostering sector.
- Increases in bespoke 16+ supported accommodation placements due to complexity of need.
- Reduction in external fostering placements.



The average weekly cost of unregistered placements continues to reduce and is now £20.4k, a 9% reduction on last year’s average weekly cost. The average weekly cost of residential placements has increased by 13%.



Children & Family Services - key risks, future issues, and opportunities

A County Council Network and Society of County Treasurers report published on the 31 October 23 identified that, despite an increase in children service’s budgets,

county and large unitary authorities are predicting significant overspends in 23/24 in this area, due to rising demand and high care placement costs in a broken market. In this report, Children's Services accounted for 45% of the council's projected overspend for 23/24. This is mirrored in Somerset, where Children's Services projected overspend accounts for 44.2% of the Council's projected overspend.

As outlined above, there is significant increase in demand in Somerset particularly for placements for complex teenagers at high cost. An insufficiency of fostering provision compounds this as it does in many other local authorities nationally.

In parallel, there is a risk that the cost-of-living crisis and reducing budgets in partner organisations will have a significant impact on demand in children's social care including the number of children requiring support, and therefore the cost of services. Demand is already rising and has been doing so since the beginning of the pandemic. This is not levelling out.

Education Partnership and Skills (EPS) (medium risk)

EPS has a gross expenditure of £29.7m and is dependent on schools and academies buying the traded service.

Somerset schools are significantly underperforming, and the Council has initiated a five-year strategy in April 2023 to improve educational outcomes. The financial health of the education support services provided to schools and early years settings, and of the schools and settings themselves, is of concern, particularly in 2023/24 due to inflation.

The traded income assumptions continue to be updated in the financial model. Should schools (maintained and academies) choose to buy less than the trading assumptions this would result in a loss of income. The buy back for the following financial year will be calculated mid-year every year and services are resized accordingly.

As of month six, the EPS service is forecasting an overspend of £0.3m. Most of this adverse variance relates to course income in Somerset Centre for Integrated Learning (SCIL) and income for music education being lower than budgeted due to a reduction in the number of bookings.

Home to Schools Transport for Mainstream and SEN (high risk)

In 2022/23, the overall cost of mainstream passenger transport had risen by 50% since 2018 despite static demand, while demand for SEND transport has doubled in the same period, with per passenger costs increasing by 10% (See table below). A significant factor in the rise in demand for SEND transport was a rise in number of children with EHCPs.

	Demand Number of Passengers		Costs £m		Cost per passenger £/annum	
	SEN	Mainstream	SEN	Mainstream	SEN	Mainstream
Mar-23	1,252	8,212	8.9	12.3	7,109	1,498
Mar-22	1,112	7,825	7.0	9.9	6,316	1,269
Mar-21	885	8,003	5.4	9.7	6,052	1,217
Mar-20	857	8,074	5.3	9.4	6,209	1,168
Mar-19	758	8,347	4.6	9.8	6,073	1,175
Mar-18	674	8,400	4.4	8.1	6,468	968

Another driver of increased cost has been the increasing cost of contracted supply. Suppliers have been bidding higher for tenders and in addition to a 2% fuel allowance which was given to reflect inflation, this has driven up unit costs. The average annual cost of providing transport for every SEN child has risen from £6,468 in 2018 to £7,109 in 2023 (10% increase) and the average annual cost of providing transport to mainstream children has risen from £968 in 2018 to £1,498 in 2023, a 54% increase.

An additional £5.6m in relation to these demand and inflationary increases is included in the 2023/24 budget for mainstream and SEN transport. Forecasting future costs and demand is challenging. Edge Public Solutions were commissioned to conduct a deep dive review of Home to Schools Transport earlier this year, following unprecedented growth in demand and costs. Due to continued pressure from inflation and the increased number of SEND children being placed in special school settings, it is forecast that there will be an overspend of £1.7m in SEN transport as of month six.

In April 2023 Edge produced a report that summarised the review findings, detailed opportunities and made recommendations to make financial and service improvements. A Transport Board is now in place and addressing the issues identified in the review, to reduce financial pressures through efficiencies.

Opportunities

Our transformation programme includes the following, which taken together change the model of children's services in Somerset to improve the efficiency and effectiveness of how we use our limited resources. The transformation programme is drawing in a wide all-age partnership across health, care, and education, including:

- **Sufficiency strategy including edge of care** – describing emerging needs and response. The strategy will inform a children looked after transformation plan, overseen by the new CLA Outcomes Transformation Board.
- **Homes and Horizons** – a strategic partnership with the charity, the Shaw Trust, to deliver up to ten homes for children, up to 20 foster homes and therapeutic education provision for the most complex children in our care. This aligns with the political ambition to ensure that children from Somerset in our care have a home in the county and allows us to bring children who have been placed elsewhere home to their communities.
- **Education for Life strategy** – with the ambition and confidence to improve outcomes for children in both our maintained and academised sector schools over the next five years. This is a central pillar of the Council's work.
- **Our SEND strategy** – focussing with our partners on ensuring that our children with SEND are included with their peers in their schools and communities and well supported in all aspects of their lives. Two key elements of this that will help to address financial challenges are a focus on early identification and support to reduce demand for statutory support, and the focus on developing more inclusive mainstream education provision and specialist provision for children with social, emotional, and mental health needs.
- **Connect Somerset** – an early help partnership between the Council, the NHS, schools, the voluntary sector, and our communities, ensuring that professionals and communities work together to help families and residents to improve their lives. This work is integrated with the Neighbourhoods, Local Community Networks and Primary Care networks.

Transformation, Savings, and Income Generation

Children's Services revenue budget includes £4.6m of MTFP transformation and other savings.

Homes to Inspire/Strategic Partnership (on track) – The first five 'Homes and Horizons' children's homes have opened. Our first seven young people are settling in well, with a strong partnership approach currently supporting the transition of two further children into new homes from unregistered provision. The programme continues at pace with home 6 (due to open February 24). Planning work continues for the first annexes (for crisis provision) and pods (for Staying Close provision) and for the establishment of the registered Therapeutic Education Provision, and these aspects of the programme are the most at risk currently. Unless delivered on time this will impact on 2023-24 financial year savings. As reported to Children's Scrutiny Committee, the programme is on course to deliver system savings of £2m (of which £1.2m relates to Children's Social Care, primarily by reducing the number of children in unregistered provision where costs would otherwise be significantly higher).

Family Safeguarding saving (on track) – this saving is about preventing children coming into care. The savings target, set in early 2020, relates to reduced numbers of children coming into care. The impact of the pandemic, which led to more children coming into care, could not be anticipated. Numbers of children in care have reduced significantly and are now stable evidencing the positive impact of this service on children remaining in their birth family.

Increased staff turnover (on track) – the £0.5m saving in 2023/24 increases the total turnover saving to £1m per year which is currently on track to be achieved across Children's Services.

There is approximately £1.8m of MTFP savings at risk:

Diagnostic Review of Children's Services (medium risk) – the Impower report identifies potential savings which deliver approximately 6 to 8 step downs from residential to in house fostering, but there is a risk that not all savings will be delivered in 2023/24 due to the unknown timescale to drive significant change in in-house fostering services.

Children, Families and Education Service– Dedicated Schools Grant (DSG)

Dedicated Schools Grant - key explanations, actions, and mitigating controls

The DSG is a ring-fenced grant which is allocated in four blocks:

- **Schools** funds the Individual Schools’ Budgets of Academies and Local Authority Maintained schools.
- **Early Years** funds the provision of education for children from age three up to age five and for qualifying two-year olds.
- **High Needs** funds the place budgets at special schools, Enhanced Resource schools and Pupil Referral Units within the local authority’s geographical boundary and other expenditure required to support children and young people with additional educational needs.
- **Central Schools Services** funds limited central expenditure on behalf of all schools and academies plus historic commitments that have been agreed by the Schools’ Forum

The forecast in year variances by the four DSG blocks are outlined below.

Table 5: 2023/24 Dedicated Schools Grant Summary

DSG Block	Balance b/fwd at 1 Apr 2023 surplus/(deficit) £m	Total funding for 2023/24 £m	Allocation to Academies and LA Schools £m	Total funding available for services 2023/24 £m	2023/24 Forecast Month 6 £m	Forecast in-year variance surplus/(deficit) £m	Forecast balance c/fwd at 31 Mar 2024 surplus/(deficit) £m
Schools	2.6	372.0	373.3	(1.3)	0.3	(1.6)	1.0
Central Schools	5.6	5.0	-	5.0	5.0	-	5.6
Early Years	0.9	31.1	-	31.1	31.1	-	0.9
High Needs	(29.8)	83.6	10.2	73.5	88.6	(15.1)	(44.9)
Total	(20.7)	491.8	383.5	108.3	125.1	(16.7)	(37.5)

The DSG is forecast to have an in-year deficit of £16.7m in 2023/24 (a favourable movement of £0.1m from Month 5) giving a carried forward cumulative deficit of £37.5m when added to the brought forward balance of £20.7m. The main area for concern continues to be the High Needs Block with a forecast in-year deficit of £15.1m.

The main areas contributing to the adverse variance in the High Needs Block are:

1. Planned budget pressure (£5.5m adverse variance, no movement from Month 5)

The planned budget allocation for 2023/24 included a forecast in-year pressure on the High Needs Block of £5.5 million. Largely this is due to two related factors: year-on-year growth in the number of children and young people with an EHCP (education, health, and care plan), (93% increase from 2019 to 2022) and a lack of sufficient provision within Somerset's maintained sector for children with social, emotional, and mental health needs.

2. Independent & Non-Maintained Schools (INMS) and Independent Post 16 Schools (£5.1m adverse variance, no movement from month 5)

The effect of the significant increase in the number and cost of new INMS placements agreed through the LA's Placement and Travel (PAT) Panel or ordered by the SEND Tribunal continued in the first six months of 2023/24. In part, this has been due to insufficient availability of maintained specialist provision for pupils with social, emotional, and mental health needs.

3. Mainstream Schools & Academies (£1.5m adverse variance, no movement from month 5)

Forecast additional increases in the number, complexity, and cost of new and extended EHCPs and related costed packages were not anticipated within the budget. The service is reviewing packages to limit the overspend.

4. Children Looked After (CLA) (£1.1m adverse variance, an adverse movement of £0.2m from Month 5)

The average complexity and therefore, cost of CLA placements resulting in a contribution from education has increased above the budgeted assumptions. The adverse movement in Month 5 has resulted from further children moving into external placements during the month requiring educational contributions.

5. Special Schools (no variance, a favourable movement of £0.3m from Month 5)

The favourable variance has arisen due to an error in the previous period forecast.

6. Education Other than at School (EOTAS) (£0.3m adverse variance, no change from month 5)

There has been a significant increase in the number of EOTAS packages being agreed through the PAT Panel. Committed packages for the 2023 Summer term have been fully included but a number of these may not have started as planned. This would result in the related costs not being incurred and a future reduction in the forecast. Forecast costs for the Autumn 2023 and Spring 2024 terms are based on prior years and known cost increases.

7. Contribution from Growth Fund (£1.5m adverse variance, no change from month 5)

In addition to the pressures noted above, the budgeted contribution from the Schools Block to the High Needs Block budget of £1.5m was removed in month five. This transfer has been removed because the Schools Block is now forecast to not have sufficient surplus to allow it to take place. The situation will be kept under review to identify if a transfer is possible before the end of the financial year.

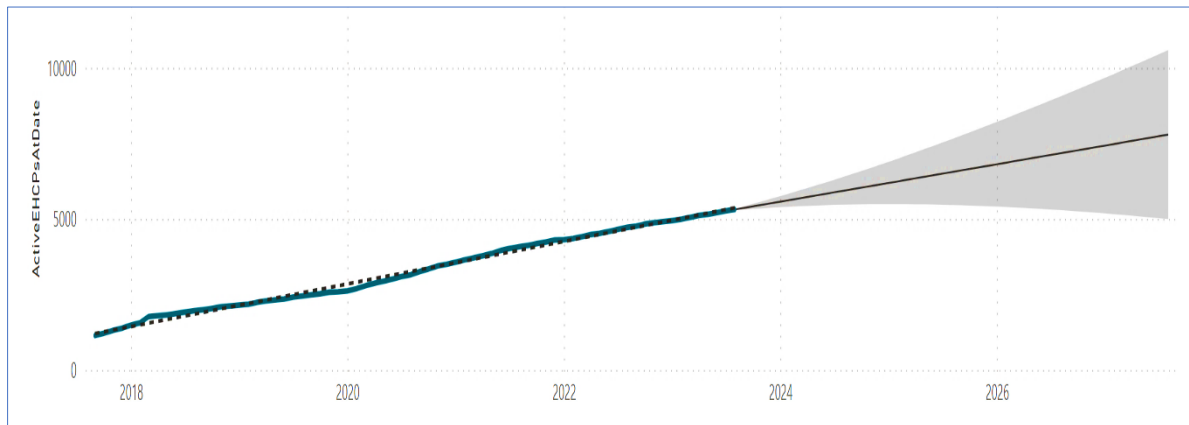
Because it is a movement of funds between two blocks within the DSG, this transfer does not have any net effect on the overall DSG deficit.

The £1.5m adverse movement on the Schools Block consists of planned expenditure on growing schools and academies of £1.2m which is not included in the budget and unplanned expenditure on asylum seeking children of £0.3m.

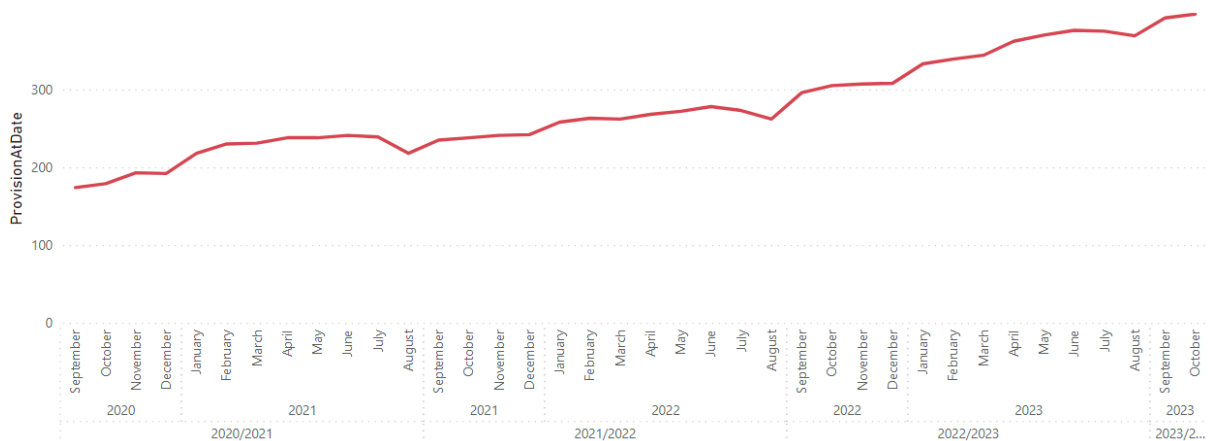
Dedicated Schools Grant - key performance cost drivers

Since 2018, Somerset has experienced a steady growth in the number of children with Education Health & Care (EHC) plans as shown below. Previously, Somerset was an outlier, nationally, with extremely low numbers of children with EHC plans, as there was a policy of allocating high needs funding to mainstream schools to support children. This policy was changed in 2018 to ensure there was better oversight and accountability for use of high needs funding. From 2018 to 2023 there was an increase nationally in the proportion of school pupils from 2.9% to 4.3%. Somerset is now slightly above the national level at 4.6% of pupils with an EHC plan. Projections show that the numbers are expected to continue to increase in future years.

Total Number of EHC Plans



The graph below shows the growth in the number of children accessing independent non-maintained specialist (INMS) schools. INMS schools are significantly more costly (Approx £55k per pupil per year) than placements in maintained specialist schools. These placements are only made where there is no viable alternative placement available in a maintained setting, so the growth is a result of not having sufficient maintained provision in Somerset to meet the range of needs.



Dedicated Schools Grant - key risks, future issues, and opportunities

The key issues relating to the DSG Reserves are:

1. The projected future overspends in the High Needs Block will continue to create increasing deficits within that block and hence within the overall DSG Reserves position. This is discussed further in the High Needs Block sections below.
2. The DSG had an overall cumulative deficit of £20.7m at 31 March 2023. The statutory override that allows the separation of DSG deficits from the

local authority's wider finances is due to expire in March 2026 whereupon the DSG deficit will need to be recognised within the local authority's overall level of reserves.

The key risks in the High Needs Block are:

1. Increased demand for education, health, and care plans (EHCP)

The key driver for increases in high needs spending is increased demand for EHC plans. Having had one of the lowest rates of EHC plans nationally in 2018, Somerset has seen a continued increase in rates of EHC plans and the current rate of 4.6%, is now just above the national average of 4.3% (2022/23 figures). Although most children with EHC plans are educated in mainstream schools, there has been a gradual movement of children from mainstream settings into specialist settings, with demand for places exceeding the growth in the provision of specialist settings.

£10.1m of DfE capital funding was made available in 2022 allowing the development of a new phase of the capital programme, which focuses on special school satellites, enhanced learning provision across the county and new therapeutic education capacity, to enable more children to access inclusive provision close to where they live. In addition, service transformation activity linked to the national Delivering Better Value (DBV) programme focuses on improving interventions and support at an early stage to prevent the need for so many EHC plans.

2. Sufficiency of provision of Social, Emotional and Mental Health (SEMH) support

There is currently insufficient SEMH provision in Somerset with the only provider currently operating significantly below capacity. This has been caused by a poor Ofsted rating for this provider. In addition, the opening of a new special SEMH free school in South Somerset has been delayed from September 2022 to September 2024. These issues result in SEMH needs being met by higher cost INMS providers. In 2022 the Council successfully applied for another SEMH special free school in the Wells area, which will cater for 64 children. However, this is not expected to be delivered until 2027. These will help to address the current lack of SEMH provision.

Transformation, Savings, and Income Generation

There have been two key programmes of work to address the ongoing challenges in the high needs block. The specialist capital programme began in 2019, supported by investment from the local authority, to expand and improve Somerset's specialist estate. This has resulted in an increase of 361 additional places in specialist SEND provision across the county to date. In 2022, the Council received a £10.1 million DfE high needs capital grant, which is being used to fund further increases in specialist SEND capacity, through development of special school satellites, enhanced learning provisions in mainstream settings, and therapeutic education provision. In addition, the Council has successfully bid for two new Special Free Schools, which the DfE is responsible for delivering. The first was due to open in September 2022, but has been delayed and is now expected to open in September 2024. This will ultimately provide 120 new places. The second is due to open in 2027 and will provide a further 64 places.

Since April 2022, the service has been working with IMPOWER Consulting to identify further opportunities to improve outcomes for children and reduce pressures on high needs budgets. This work has focused on improving early identification and support and led to the set-up of a dedicated advice line for schools to support earlier intervention, as well as a trial of the Somerset Inclusion Tool (Valuing SEND) to improve planning around transitions for children with SEND. This is helping to identify children who can remain in mainstream settings with the right support, who might otherwise have moved into more specialist settings.

Following on from this, in summer 2022, Somerset was invited to participate in the DfE-led Delivering Better Value programme. This is aimed at 55 local authorities with significant high needs deficits, but not the 20 areas with the biggest deficits (who access a different "safety valve" programme). During autumn 2022 the service worked with Newton Europe and CIPFA to develop an improved understanding of our demand and financial trajectories in relation to high needs, as well as identify opportunity areas where improvements and efficiencies could be made. This has resulted in the award of a £1m grant from DfE to support transformation and test and learn activity.

Newton's analysis has suggested that there are opportunities for reducing high needs expenditure, which could realise a £1m benefit by the end of 2024/25, and a cumulative benefit of around £8m by the end of 2027/28. However, based on Newton's model, it is still expected that the cumulative deficit will continue to grow each year, unless there were to be significant changes to SEND policy or

funding at a national level. Newton have reported that in each of the local authorities they have worked with, they are projecting that deficits will continue to grow, so Somerset is in line with other areas in this respect.

The Department for Education still requires the Local Authority to produce a DSG Deficit Management Plan to evidence how it will reduce the in-year deficit to zero by 31st March 2026 when the statutory override expires. The activities and opportunities identified through the work with IMPOWER Consulting and the DBV SEND programme are included in Somerset's DSG Deficit Management Plan with further mitigating actions being developed.

Children and Family Services – Local Authority (LA) Maintained Schools Revenue Reserves

LA Maintained Schools - key explanations, actions, and mitigating controls

These reserves are regarded as being under the control of the individual schools and not the local authority and are therefore not included in the calculation of the overall DSG reserves.

The overall revenue reserves of the 133 local authority's maintained schools were £19.8m at 31 March 2023. Projections for 2023/24 indicate a sharp downturn in the forecast for most schools, with overall revenue reserves expected to decrease by around £8m during the year and move into overall deficit during 2024/25.

- At the beginning of the year, seven schools shared a cumulative deficit position of £1.9m and 126 schools shared a cumulative surplus of £21.7m.
- Budget plans submitted by schools for 2023/24 show significant budgetary pressures with 102 of 122 plans submitted indicating projected in year deficits totalling £7.7m. These schools are now the focus of targeted work to review their budgets in detail and develop financial recovery plans.
- One school, Wadham Secondary, had a cumulative deficit of £1.5m at 31 March 2023 and does not have an agreed recovery plan. The underlying problems have now been addressed by an area restructure, but the historic deficit is too large to be recovered solely by this school. A proposal has been developed to manage down this deficit over a 5-to-10-year period. There is a risk that the local authority may be required to fund the deficit if the school is required to convert to an academy due to underperformance.

LA Maintained Schools - key risks, future issues, and opportunities

Somerset's education system as whole (both the academised and maintained sectors) is underperforming and the 2022 assessment outcomes showed a trajectory of decline. While funding and finance issues are significant factors contributing to school performance, they do not determine educational outcomes. However, a weakened support infrastructure around schools has been strongly associated with that decline and financial stability is necessary for strong and reliable support services. Ensuring that financial uncertainty does not disrupt the focus on improvement and the benefit of improvement for children is therefore a priority for the local authority.

Key stakeholders, including Schools and the Local Authority are currently being consulted on proposals that are designed to mitigate risks and provide clarity and stability in relation to financial measures associated with a change of status from local authority maintained to academy status.

These proposals have been considered by Scrutiny and were agreed on 2 August by the Executive:

- a) Change the approach to managing Core Offer contracts when a school converts to academy status.
- b) Update the Council's academy charge for schools electing to convert to academy status.
- c) Apply Department for Education guidance when dealing with surplus and deficit balances on conversion to academy status.
- d) Implement the proposal at (c) in relation to surplus and deficit balances effective from the date of decision (2 August 2023)

There are currently 13 schools with an academy order and a further ten that have notified of an intention to academise. Five of the schools with orders have directive academy orders due to underperformance which means that costs cannot be recouped but any surplus would be retained.

Appendix 3 – Community Services

Lead Member for Communities, Housing and Culture: Cllr Federica Smith-Roberts

Executive Director: Chris Hall

Service Directors:

- Housing: Chris Brown
- Culture: Elizabeth Dawson
- Customers: Jan Stafford
- Regulatory and Operational: Sarah Dowden

**Table 1: 2023/24 Community Services as at the end of September 2023
(Month 6)**

- 2023/24 net budget £33.8m, projected adverse variance £1.3m, adverse movement £1.3m.

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Housing						
Housing	0.0	0.0	0.0	-	Green	0.0
Housing Enabling	0.5	0.5	0.0	-	Green	0.0
Housing Strategic	1.1	1.1	0.0	-	Green	0.0
Homelessness	4.3	4.3	0.0	-	Green	0.0
Arms-Length Management Organisation (ALMO)	0.0	0.0	0.0	-	Green	0.0
Somerset Independent Plus	0.2	0.2	0.0	-	Green	0.0
sub total	6.1	6.1	0.0	-	Green	0.0
Customer Services						
Customers & Communities	6.6	6.6	0.0	-	Green	0.0
sub total	6.6	6.6	0.0	-	Green	0.0
Cultural Services						
Library Service	3.8	3.8	0.0	-	Green	0.0
Heritage Service	1.7	1.7	0.0	-	Green	0.0
Leisure - Sports Centre	2.0	2.4	0.4	A	Red	0.4
Museums	0.0	0.0	0.0	-	Green	0.0
Theatres	0.9	0.9	0.0	-	Green	0.0
Visitor Centres	0.2	0.2	0.0	-	Green	0.0
Tourism	0.1	0.1	0.0	-	Green	0.0
(wellbeing) Community Grants	0.0	0.0	0.0	-	Green	0.0
sub total	8.7	9.1	0.4	A	Red	0.4
Regulatory & Operational Services						
Registration	(0.2)	(0.2)	0.0	-	Green	0.0
Environmental Health	3.5	3.5	0.0	-	Green	0.0
Bereavement Services	(1.3)	(1.3)	0.0	-	Green	0.0
Harbours	0.3	0.3	0.0	-	Green	0.0
Ports	0.1	0.1	0.0	-	Green	0.0
Street Cleansing	4.9	4.9	0.0	-	Green	0.0
Open Spaces	3.3	4.2	0.9	A	Red	0.9
Environmental Health	0.0	0.0	0.0	-	Green	0.0
(wellbeing) Community Safety	0.0	0.0	0.0	-	Green	0.0
CCTV	0.7	0.7	0.0	-	Green	0.0
Licensing	(0.4)	(0.4)	0.0	-	Green	0.0
Resorts	0.2	0.2	0.0	-	Green	0.0
Coroners	1.3	1.3	0.0	-	Green	0.0
sub total	12.4	13.3	0.9	A	Red	0.9
Community Services Total	33.8	35.1	1.3	A	Red	1.3

Community Services - key explanations, actions & mitigating controls

Cultural Services

There is an anticipated under recovery of income from the contracted schedule of payments in 2023/24 due to changes in Somerset Council business rate policy, and contractor pension contribution liabilities. There are also utility benchmarking clauses for which the council has some liability. The service is continuing to work with the contractor to find solutions to reduce the impact to the Council. The service is working through all areas to confirm if the overspend can be mitigated through other in-year savings.

Regulation & Operations:

Open Spaces functions were previously carried out by the district councils, these include services such as ground maintenance. This service is reporting a total variance of £0.9m. This relates to a reduction of £0.8m budgeted income associated with the loss of income from a grounds maintenance contract provided by the council to an external client. This contract ended in 2021/22. The service expenditure budget was reduced as part of the budget setting process, but the income budget was not reduced to reflect this change. Therefore, this income target will not be achieved. A growth bid has been submitted to amend this income budget estimate going forwards and additional work is underway in year to reduce the impact of this, we would expect to see this reduce as the year progresses.

In addition, three of the districts delivered the Open Spaces service in-house, whereas Mendip District Council had an external contractor to provide this service. The service is facing an in-year pressure of £0.1m because the contract price increase is more than budgeted.

Appendix 4 – Climate and Place, (including Accountable Bodies)

Climate and Place

Lead Members:

- Environment and Climate Change: Cllr Dixie Darch
- Transport and Digital: Cllr Mike Rigby
- Economic Development, Planning & Assets: Cllr Ros Wyke

Executive Director: Mickey Green

Service Directors:

- Climate, Environment and Sustainability: Kirsty Larkins
- Infrastructure and Transport: David Carter
- Economy, Employment and Planning: Paul Hickson

Accountable Bodies

Lead Members:

- Transport and Digital: Cllr Mike Rigby
- Economic Development, Planning & Assets: Cllr Ros Wyke
- Environment and Climate Change: Cllr Dixie Darch

Executive Director: Mickey Green

Service Directors:

- Somerset Rivers Authority: Kirsty Larkins
- Local Enterprise Partnership and Connecting Devon & Somerset: Paul Hickson

Table 1: 2023/24 Climate & Place (including Accountable Bodies) as at the end of September 2023 (Month 6)

- Climate and Place 2023/24 net budget £88m, projected adverse variance £1.7m, favourable movement £0.6m from month five.
- Accountable Bodies 2023/24 net budget £3.7, no projected variance, favourable movement £7m from month five.

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Climate, Environment & Sustainability						
Climate & Place Management	0.6	0.6	0.0	-	Green	0.0
Business Support	1.3	1.3	0.0	-	Green	0.0
Somerset Waste	49.4	50.0	0.6	A	Red	(0.2)
Drainage Board Levy	2.3	2.3	0.0	-	Green	0.0
Climate Change Costs	0.8	0.8	0.0	-	Green	0.0
Emergency Planning	0.0	0.0	0.0	-	Green	0.0
Flood & Water	0.6	0.6	0.0	-	Green	0.0
Countryside	0.4	0.4	0.0	-	Green	0.0
Mendips AONB	0.0	0.0	0.0	-	Green	0.0
Quantock AONB	0.1	0.1	0.0	-	Green	0.0
sub total	55.5	56.1	0.6	A	Red	(0.2)
Infrastructure & Transport						
Highways & Transport Commissioning	1.8	1.8	0.0	-	Green	0.0
Infrastructure Programmes Group	0.4	0.4	0.0	-	Green	(0.2)
Highways	16.4	17.5	1.1	A	Red	(0.2)
Traffic Management	0.3	0.3	0.0	-	Green	0.0
Transporting Somerset	9.3	9.3	0.0	-	Green	0.0
Car Parks	(6.5)	(6.5)	0.0	-	Green	0.0
Fleet Management	0.4	0.4	0.0	-	Green	0.0
sub total	22.1	23.2	1.1	A	Red	(0.4)
Economy, Employment & Planning						
Development Control	2.0	2.0	0.0	-	Green	0.0
Planning Policy	3.2	3.2	0.0	-	Green	0.0
Economic Development	4.7	4.7	0.0	-	Green	0.0
Building Control	0.5	0.5	0.0	-	Green	0.0
sub total	10.4	10.4	0.0	-	Green	0.0
Accountable Bodies						
Somerset Rivers Authority	3.0	3.0	0.0	-	Green	0.0
Local Enterprise Partnership	0.0	0.0	0.0	-	Green	0.0
Connecting Devon & Somerset (CDS)	0.7	(6.3)	(7.0)	(F)	Green	(7.0)
sub total	3.7	(3.3)	(7.0)	(F)	Green	(7.0)
Climate & Place Total	91.7	86.4	(5.3)	(F)	Green	(7.6)

Climate & Place - key explanations, actions, & mitigating controls

Climate and Place is currently forecasting an outturn variance of £1.7m, a favourable movement of £0.6m since month five. The forecasted overspends are due to the following:

Climate, Environment and Sustainability

- Waste Services is forecasting an overspend of £0.6m at outturn a reduction of £0.2m since month five. The favourable movement is due to additional contract defaults received for the collection contract and lower growth in residual waste tonnage. The overall overspend can be explained by the following:
 - An increase in residual waste has been seen at both the kerbside and recycling centres. The budgeted increase was estimated to be 0.7%, however tonnages figures to the end of month five shows that the actual

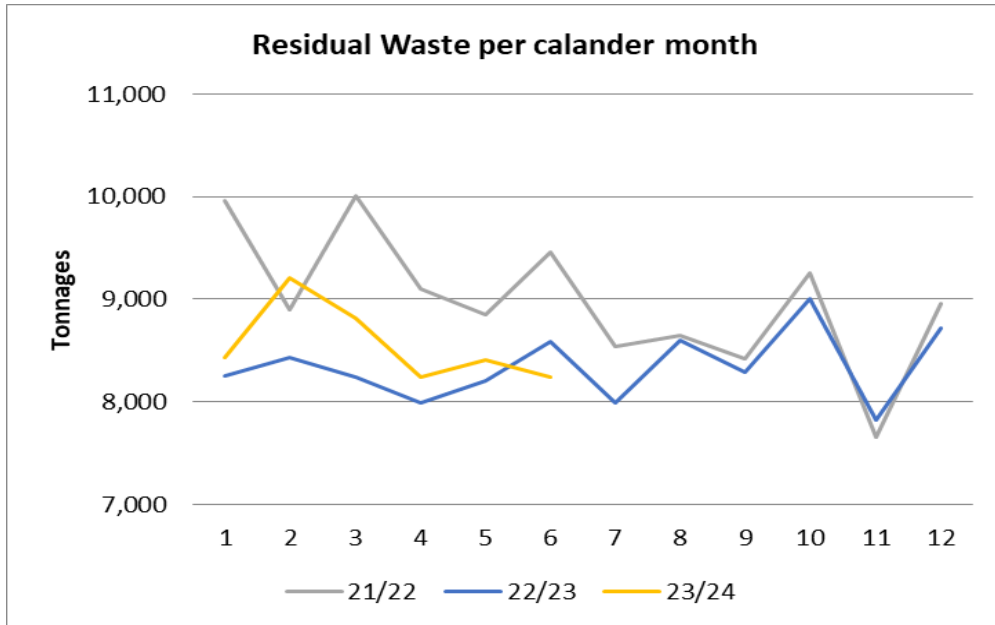
increase for this period is 5.0%. Residual tonnages have reduced but the overall tonnage growth across all waste streams remains high. This trend has been forecast to continue for the remainder of the year for budget monitoring. The impact of increased waste volumes has been partially offset by a lower than budgeted inflationary increase to contractor rates.

- The additional bank holiday for the King's coronation, meant that there was an impact on waste collections and was not anticipated in budgets.
- Legislation change for the treatment of POPs (persistent organic pollutants, typically fire-retardant coatings in furniture) has increased contractor costs.
- An anticipated change of legislation due in January 2024 regarding DIY waste (removing charges at recycling centres) adds further pressures to the waste budget.
- Waste services have been able to negotiate an improved pay award shared with Suez, however this has provided a further unbudgeted pressure within the service. This however has avoided any strike action which would have caused disrupted waste collections across the County and resulted in significant costs.

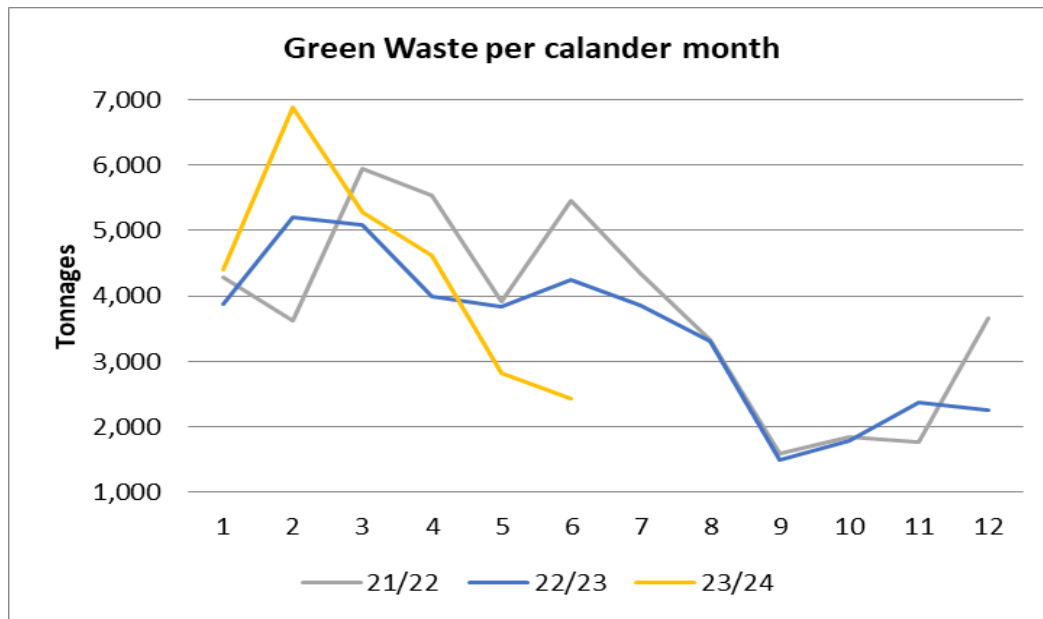
Infrastructure and Transport

- Highways is currently forecasting an overspend of £1.1m at outturn, this is a favourable movement of £0.2m since month five. The favourable movement is due to vacant posts, one off income in Rights of Way and funding from Commuted Sums. As many authorities are finding this is due to an increase in Safety defects across the road network. The service continues to work hard to successfully complete the investigation and repair works. This pressure is a continuation of the situation that Somerset County Council reported in 2022/23.
- Infrastructure Programmes Group had highlighted pressures of £0.2m in month five relating to allocating salary costs against capital schemes. Since month five the service has been able to absorb the pressure into existing budgets and therefore is showing a favourable movement of £0.2m at month six.

Climate & Place - key performance cost drivers



The above graph shows the residual waste (per tonnage) per month. The residual waste includes Kerbside collected waste and waste deposited at the recycling centre. The graph currently shows the reduction of waste in 2022/23 compared to 2021/22, however this highlights the unexpected increase in tonnages for 2023/24. An additional bank holiday collection due to the Kings Coronation in May and a subsequent alteration to waste collection days (that lead to a temporary relaxation inside waste policy), increased tonnage, and pressure on the Recycling Centres. Further pressures on the residual waste service during May and June arose from the disposal of flood damaged materials. Residual Waste during from July to September have reduced and are more aligned to 2022 levels.



The above graph shows the green waste (per tonnage) per month. It is expected to see a downwards trend between month 6-12 (September to April) due to the seasonality of garden waste. The graph currently highlights a higher tonnage of green waste compared to 2021/22 and 2022/23 for the early months of 2023/24, this has been driven by the unusually mild, damp, weather this year propagating plant growth and increasing the moisture content of the material. Volumes have dropped significantly for August and September.

Climate & Place - key risks, future issues & opportunities

Due to the current economic climate, there are several key risks and future issues that need to be taken into consideration:

- **Contract inflation** is applied at various times throughout the year, as the increase in contract could be led by RPI or CPI it is currently difficult to predict accurately what the impact for each contract might be. In addition, there are a number of contractual disputes which are being worked through. It is anticipated that these can be resolved in a timely matter, but in resolution may see increased costs agreed.
- **Impact of cost-of-living crisis.** As costs continue to rise, spending habits may change therefore it is possible that services across Economic and Community Infrastructure will see a decrease in income budgets.
- **Staff vacancy levels.** Difficulties in recruiting permanent staff across Climate and Place continue to impact on the ability to deliver services, where possible

agencies have been used to fulfil critical roles. However, this has a financial impact as generally the cost of these staff is higher than budgeted for. This reflects the national picture and is the same across a number of sectors.

- **Road Safety.** There has been an increase of killed or seriously injured accidents across the authority. The role of the Council is to educate and prevent accidents on the network, therefore with an increase of accidents it is likely that there will be some intervention needed to prevent further instances.
- **Systems and Reporting.** Finance is continuing to work with service to bring together and understand five legacy authority budgets. There is a great deal of work to do to understand, relocate and align the legacy information to make one budget for Climate and Place. This work runs alongside the implementation of the new MS Dynamics finance system and Solver budget monitoring interface. It is there important to note that this may result in unknown under or overspends for the service.

Risks can be identified due to the change in climate. It is exceedingly difficult to be able to identify financially what the impact of climate change will be year on year, but risks with a potential financial impact include:

- Icy conditions will see a high demand on the Highways service to grit primary and secondary routes.
- Increased rainfall which has raised the risk of flooding across the County. This will require input from the Emergency Planning department, Highways and Traffic Management to help ensure residents can safely navigate around the affected areas.
- The extreme changes in weather will impact the road surfaces which continues to increase the safety defects reported and increases the costs of investigation and corrective action for potholes.

Accountable Bodies

Somerset Rivers Authority (SRA)

Somerset Rivers Authority is currently reporting to be within budget and are not anticipating any draws from or to reserves.

Local Enterprise Partnership (LEP)

LEP is currently reporting to be within budget and are not anticipating any draws from or to reserves.

Connecting Devon & Somerset (CDS)

The Connecting Devon and Somerset (CDS) programme included a phase one contract with British Telecommunications plc. To meet state aid requirements that contract included provisions which allowed for "clawback" of public subsidy where take up of services exceeded the levels which the supplier had modelled. Delivery has completed and the contractual monitoring period to calculate amounts of clawback is now operational. The supplier is contracted to provide its calculation of the final clawback amount as of 31 March 2024, after which date relevant clawback funds are to be returned to CDS. The CDS collaboration will process any clawback so that collaborating public sector funders receive a proportionate return based on their original investment. At this initial stage it is estimated that the sum accruing to Somerset council is likely to be in the region of £7 million although this is subject to potential change.

Accountable Bodies - key risks, future issues & opportunities

Somerset Council acts as the accountable body for the Heart of the Southwest LEP, providing a service across the core functions of the LEP and its programmes. This is in the context of an assurance framework for this programme funding meeting Government principles and expectations. In performing these functions, Somerset Council works closely with the LEP core team, and the services Somerset Council provides are specified and resourced via a service level agreement between the LEP and Somerset Council.

LEP performance is subject to periodic assessment and an annual formal review by Government – the most recent of these for 2022/23 looked positively on Somerset Council's accountable body services to the LEP.

The Government is ceasing funding of LEPs from April 2024 and expects their functions to be integrated into local authorities post that date. Somerset Council is working with the other local authorities in the Heart of the Southwest area and the LEP to plan for this transition – and integration plan is being developed as required by Government for this. The Council is also working with the LEP and partner Local Authorities to agree how residual budgets and LEP assets are apportioned at this point.

Appendix 5 – Strategy, Workforce and Localities

Lead Members:

- Governance and Communications: Cllr Bill Revans
- Resources and Performance: Cllr Liz Leyshon
- Transformation and Human Resources: Cllr Theo Butt Philip

Executive Director: Alyn Jones

Service Directors:

- Partnership and Localities: Sara Skirton
- Strategy and Performance: Sara Cretney
- Governance, Democratic and Legal Services: David Clark
- Workforce (interim): Dawn Bettridge

Table 1: 2023/24 Strategy, Workforce & Localities as at the end of September 2023 (Month 6)

- 2023/24 net budget £21.2m, projected adverse variance £0.9m, favourable movement £0.4m.

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Partnership & Localities						
Partnership & Localities	2.8	2.8	0.0	-	Green	0.0
sub total	2.8	2.8	0.0	-	Green	0.0
Strategy & Performance						
Communications	1.2	1.2	0.0	-	Green	0.0
Transformation & Change	2.0	2.0	0.0	-	Green	0.0
Digital Team	0.2	0.2	0.0	-	Green	0.0
Land Charges	(0.6)	(0.6)	0.0	-	Green	0.0
Performance	0.5	0.5	0.0	-	Green	0.0
sub total	3.3	3.3	0.0	-	Green	0.0
Workforce						
Human Resources & Organisational Development	4.7	4.5	(0.2)	(F)	Green	0.0
Learning & Development	1.1	0.9	(0.2)	(F)	Green	(0.2)
Dillington Advertising Services	0.0	0.0	0.0	-	Green	0.0
sub total	5.8	5.4	(0.4)	(F)	Green	(0.2)
Governance, Democratic & Legal Services						
Democratic Services	3.7	3.7	0.0	-	Green	0.0
Legal Services	4.2	5.7	1.5	A	Red	0.0
Info Governance	0.5	0.5	0.0	-	Green	0.0
Elections	0.9	0.7	(0.2)	(F)	Green	(0.2)
sub total	9.3	10.6	1.3	A	Red	(0.2)
Strategy, Workforce & Localities Total	21.2	22.1	0.9	A	Red	(0.4)

Strategy, Workforce & Localities - key explanations, actions, & mitigating controls

Workforce

An underspend of £0.2m is forecast within the Human Resources & Organisational Development budget in respect of employment costs. This is due to vacancies within the service.

An underspend of £0.2m is also anticipated on the Learning and Development budget, this is due to a focus on e-learning, statutory and mandatory training. The leadership and management programme across a wider learning and development framework will not be in place until 2024/25 resulting in an anticipated underspend on budgets associated with this programme.

Governance, Democratic & Legal Services

The forecast £1.5m adverse variance within Legal Services is an estimate of anticipated increases in external legal costs based on the previous year's reported pressures. This is due to the continued need to place legal cases, principally in respect of childcare, with external legal experts.

Appendix 6 - Resources & Corporate Services

Lead Members:

- Economic Development, Planning & Assets: Cllr Ros Wyke
- Resources and Performance: Cllr Liz Leyshon
- Transport and Digital: Cllr Mike Rigby

Executive Director: Jason Vaughan

Service Directors:

- Finance and Procurement: Nicola Hix
- Strategic Asset Management: Ollie Woodhams
- Information, Communication, Technology: Andy Kennell

Table 1: 2023/24 Resources & Corporate Services as at the end of September 2023 (Month 6)

- 2023/24 net budget £21.0m, projected favourable variance of £2.2m, favourable movement £2.5m

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Finance						
Finance	8.2	7.5	(0.7)	(F)	Green	(0.7)
Procurement	1.8	1.7	(0.1)	(F)	Green	0.0
Revenues	1.8	1.3	(0.5)	(F)	Green	(0.5)
Housing Benefits	1.0	0.9	(0.1)	(F)	Green	0.0
sub total	12.8	11.4	(1.4)	(F)	Green	(1.2)
Strategic Asset Management						
Property Services	11.0	11.4	0.4	A	Red	0.0
Commercial Investment Properties	(20.6)	(20.6)	0.0	-	Green	0.0
sub total	(9.6)	(9.2)	0.4	A	Red	0.0
Information Communication Technology						
Hardware & Software	10.1	9.4	(0.7)	(F)	Green	(0.8)
ICT General	6.8	6.1	(0.7)	(F)	Green	(0.7)
ICT Traded	0.0	0.1	0.1	A	Red	0.1
Telecommunications	0.9	1.0	0.1	A	Red	0.1
sub total	17.8	16.6	(1.2)	(F)	Green	(1.3)
Resources & Corporate Services Total	21.0	18.8	(2.2)	(F)	Green	(2.5)

Resources & Corporate Services - key explanations, actions & mitigating controls

Finance

A number of vacant posts across the Finance and Procurement services have resulted in an underspend on employee budgets.

Within Revenues and Housing Benefits there has been additional spend on temporary staff due to service pressures. This additional cost has been offset by income from Government grants and underspends on court costs, resulting in an overall underspend of £0.1m.

Strategic Asset Management

The service is holding a large number of vacancies which has resulted in a forecast underspend on employee budgets. Vacant property running costs are forecast to be higher than budgeted as the service is taking on larger complex sites and properties are vacant for longer periods due to ongoing phosphates issues delaying planning. Tenancy changes at various properties has resulted in an anticipated shortfall of income in respect of rent receivable. Various other overspends anticipated on several budgets including facilities costs, property maintenance and training costs.

Additional costs of surveying for Reinforced Autoclave Aerated Concrete (RAAC) are estimated to be around £0.3m and these unexpected costs have been funded from the corporate contingency.

Within Commercial Investment Properties it is anticipated that the income target in respect of the dividend payable from one of the Council's partly owned trading companies will not be achieved (£1.7m). Work is being undertaken to understand the factors and risks that are contributing to the non-payment of the dividend. There are adverse variances expected in respect of the rental income budgets (£1.6m), this is mainly due to unexpected voids. The variance against the budget will be funded from the Commercial Investment risk reserve.

Information Communication Technology

Additional costs have been incurred in respect of the Office365 backup costs. The cost in respect of consolidating into a single electronic payments system will be more than anticipated and the work on data centre consolidation is not achievable in this financial year meaning the budget will be exceeded. The additional costs have been offset by an underspend on employee budgets due to number of vacant posts and expenditure on a number of software licences being less than anticipated resulting in an underspend on the associated budget.

Appendix 7 - Public Health

Lead Member for Public Health, Equalities and Diversity: Cllr Adam Dance

Executive Director: Professor Trudi Grant

Service Directors

- Deputy Director Public Health: Lou Woolway

Table 1: 2023/24 Public Health as at the end of September 2023 (Month 6)

- 2023/24 Net Budget £1m, no projected variance, no movement since month five
- 2022/23 Net Budget £1.3m, no variance at outturn

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Public Health Grant	22.6	22.6	0.0	-	Green	0.0
Somerset Council Budget	1.0	1.0	0.0	-	Green	0.0
Grant Income	(22.6)	(22.6)	0.0	-	Green	0.0
Public Health Total	1.0	1.0	0.0	-	Green	0.0

Public Health - key explanations, actions & mitigating controls

The Public Health budget is currently projected to be on budget for both the ringfenced grant and the Somerset Council budget.

Public Health - key risks, future issues & opportunities

Both the Public Health Grant and the Somerset Council funding managed by Public Health are under significant pressure caused by contract and pay inflationary increases. This pressure will intensify following an early indication of a 1% increase to the Public Health Grant for the 2024/25 financial year which is again significantly below inflation. We are still awaiting a decision by the treasury to pay the inflationary pay increase for staff on active NHS Agenda for Change Terms and Conditions where teams are employed outside of the NHS.

There is a systemic underfunding of public health in Somerset. The Public Health Grant is significantly below the national average, being 141st out of 153 local authorities nationally. Improvements in whole population health are not achievable within the constraints of the public health budget. A new operating model for public health is underway in order to focus the activity of the Public Health Team towards influencing policy, commissioning and spend right across the Somerset system towards improving health and tackling inequalities.

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Appendix 8 – Other Service Areas (including Collection Fund)

Non-Service

Lead Member for Non-Service: Cllr Liz Leyshon

Executive Director: Jason Vaughan

Table 1: 2023/24 Non-Service as at the end of September 2023 (Month 6)

- 2023/24 net budget £9.8m, projected favourable variance £3.6m, favourable movement £0.1m from month five.

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Local Government Reform	0.1	0.1	0.0	-	Green	0.0
Contributions	0.9	0.9	0.0	-	Green	0.0
Corporate Costs	9.2	9.1	(0.1)	(F)	Green	(0.1)
Financing Transactions	40.7	37.7	(3.0)	(F)	Green	0.0
Special Grants	(56.4)	(56.9)	(0.5)	(F)	Green	0.0
Pay Award	15.3	15.3	0.0	-	Green	0.0
Non-Service Total	9.8	6.2	(3.6)	(F)	Green	(0.1)

Non-Service - key explanations, actions, & mitigating controls

Financing Transactions

The £3m favourable variance relates to the Council utilising internal borrowing in light of a higher than forecast cashflow level. This has decreased the cost of borrowing.

Special Grants

The favourable variance of £0.5m for Special Grants is due to receiving confirmation that the Rural Services Delivery grant and the 2023/24 Services grant will be higher than budgeted. The grant confirmation was received after the budget setting process.

Traded Services

Lead Member for Traded Services: Cllr Tessa Munt

Executive Director: Claire Winter

**Table 2: 2023/24 Traded Services as at the end of September 2023
(Month 6)**

- Traded Services are required to set a net nil budget with full costs offset by income generated.

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Dillington	0.0	0.3	0.3	A	Red	0.1
Traded Services Total	0.0	0.3	0.3	A	Red	0.1

Traded Services - key explanations, actions, & mitigating controls

Dillington's deficit for the year is forecasted to be £0.3m, an increase of £0.1m from month five. With operating costs continuing to increase, particularly food, drink, and utility bills. Salary costs have also increased due to using agency staff whilst current employees secure alternative employment.

Contingencies

Lead Member for Contingencies: Cllr Liz Leyshon

Executive Director: Jason Vaughan

Table 3: 2023/24 Contingencies as at the end of September 2023 (Month 6)

- 2023/24 allocation of £6m, assumed £6m is committed.

Service Area	Original Budget	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m	£m			£m
Corporate Contingency	6.0	5.7	5.7	0.0	0.0	Green	0.0
Contingencies Total	6.0	5.7	5.7	0.0	0.0	Green	-

Contingencies - key risks, mitigations, future issues, and opportunities

£0.3m has been allocated to the Strategic Asset Management budget to cover the costs associated with work on RAAC surveys.

The balance of the Contingency budget (£5.7m) is forecast to be fully committed to cover the additional costs of the National Pay Award over and above the 5% that was budgeted for, temporary staffing, and costs of the Financial Resilience Review. The 2023/24 pay award has now been settled and the final agreed offer of £1,925 is the equivalent to a 5.5% increase.

Core Revenue Funding

Lead Member for Core Revenue Funding: Cllr Liz Leyshon

Executive Director: Jason Vaughan

**Table 4: 2023/24 Core Revenue Funding as at the end of September 2023
(Month 6)**

- 2022/23 net budget (£473.4m), no projected variance

Service Area	Current Budget	Full Year Projection	Month 6 Variance	A/(F)	RAG Status	Movement From Month 5
	£m	£m	£m			£m
Council Tax	(345.4)	(345.4)	0.0	-	Green	0.0
Business Rates	(116.1)	(116.1)	0.0	-	Green	0.0
Revenue Support Grant	(7.9)	(7.9)	0.0	-	Green	0.0
Flexible Use of Capital Receipts	(4.0)	(4.0)	0.0	-	Green	0.0
Core Revenue Funding Total	(473.4)	(473.4)	0.0	-	Green	0.0

Core Revenue Funding - key explanations, actions, & mitigating controls

There is currently no variance projected for outturn.

Collection Fund

Council Tax

The provisional target in-year collection rate for the Council Tax for 2023/24 is 96.70%. This represents the proportion of the net collectable debit (£446m) that is actually collected in year. We track progress monthly against cumulative monthly

targets. The combined provisional target for the end of quarter 2 was 56.47%, whereas we had actually collected 58.01%. This suggests that the economic climate is not having the affect anticipated on Council Tax collection and that we are broadly on track to hit the annual target. However, we are now entering the winter period and the cost-of-living crisis is ongoing. (NB. The legacy districts calculate the monthly targets in different ways, and we are working towards implementing a consistent approach hence the targets are provisional at this stage).

In addition, we also track the position in relation to the combined arrears relating to previous financial years. At 1 April 2023 these stood at £42.7m and had reduced to £36.7m at the end of quarter 2. This represents a 14% reduction. However, most of the debt collected is recently new outstanding debt from the last financial year and the arrears will become progressively more difficult to collect with time. We do not anticipate the collection rate being as good in the second half of the year.

Business Rates

The provisional target in-year collection rate for Business Rates for 2023/24 is 96.71%. This represents the proportion of the net collectable debit (£169m) that is actually collected in year. We track progress monthly against cumulative monthly targets. The provisional target for the end of quarter 2 was 57.36%, whereas we had actually collected 55.19%. The shortfall of 2.17% results from a number of factors including the economic climate and delays in commencing recovery action in some areas due to cash posting problems earlier in the year resulting from the implementation of the new finance system. We have also not as yet implemented internal transfers to clear elements of the Council's own Business Rate liability, which we believe would make us broadly on target. Ordinarily this would happen early in the financial year, so this is further distorting the collection rates. We have now recommenced recovery activity in all areas, which should help to get us back on track with collection. (NB. The legacy districts calculate the monthly targets in different ways, and we are working towards implementing a consistent approach hence the targets are provisional at this stage. In addition, target setting has been complicated in recent years by Govt. frequently introducing new one-off reliefs as a result of Covid and subsequent economic challenges).

In addition, we also track the position in relation to the combined arrears relating to previous financial year. At 1 April 2023 these stood at £13.3m and had reduced to £10.9m at the end of quarter 2. This represents a 18% reduction. However, most of the debt collected is recently new outstanding debt from the last financial year and the

arrears will become progressively more difficult to collect with time. We do not anticipate the collection rate being as good in the second half of the year.

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Appendix 9 – Update on Transformation, Savings, and Income Generation Proposals

The Council's 2023/24 revenue budget includes over £40m of approved MTFP transformation, savings, and income generation proposals (TSIGP). As at the end of quarter two, it is forecast that 73% will be delivered against this target and 1% will be achieved over and above this target. This is a slight improvement from last quarter where 72% of savings were forecast to be delivered.

Delivery of the 2023/24 approved savings is vital and where this cannot be achieved then the development of alternative recovery or mitigation measures to address any forecast underachievement of approved savings is required by the relevant service director.

Table 1 shows the forecast achievement of TSIGPs against the original approved amounts. Services monitor these monthly based on their achievement to date and the forecast profile for realising the savings over the year. Any over or under achievement is reflected in the forecast outturn position.

Within the overall profile, £29.8m (73%) are either achieved or on-track to be delivered.

Table 1: Performance of Agreed Transformation, Savings, and Income generation Proposals as at the end of September 2023 (Month 6)

Service Area	Approved TSIGP	Over-achieved/ on track to overachieve	Achieved	On-track	At Risk	Unachievable
	£m	£m	£m	£m	£m	£m
Adults Services	10.5	0.0	2.0	3.7	0.0	4.8
Children & Family Services	4.6	0.4	0.2	2.6	1.8	0.0
Public Health	0.1	0.0	0.0	0.1	0.0	0.0
Communities Services	1.5	0.0	0.1	0.6	0.4	0.4
Climate & Place	7.9	0.0	0.6	5.2	2.1	0.0
Strategy, Workforce & Localities	0.6	0.0	0.6	0.0	0.0	0.0
Resources & Corporate Services	4.7	0.1	0.8	3.6	0.2	0.1
Non-Service	11.0	0.0	2.6	7.1	1.3	0.0
Total	40.9	0.5	6.9	22.9	5.8	5.3

At Risk/Unachievable savings total £11.1m (27%) and include:

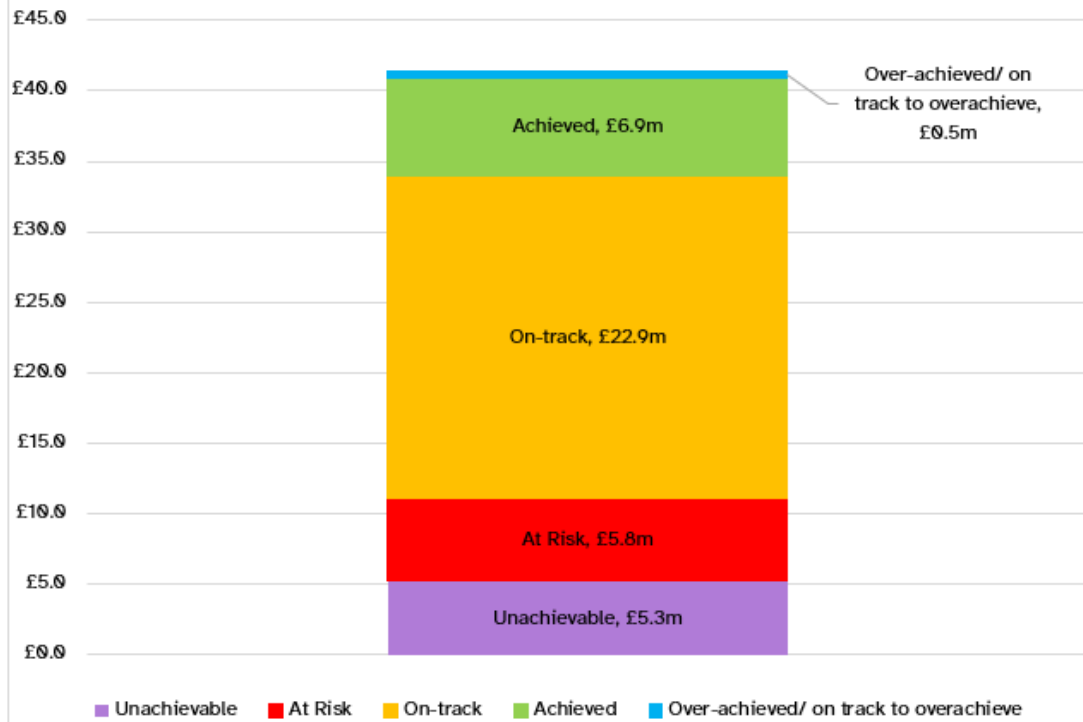
- **Adult Services – Total savings £10.5m, £4.8m unachievable.**

- My Life, My Future savings. Longer rollout than originally anticipated. £4.8m of the £5.0m saving will now be achieved in 2024/25.
- **Children & Family Services – Total savings £4.6m, £1.8m at risk.**
 - Family Intervention (high risk) - a review of the original savings assumptions has been undertaken and an alternative delivery model proposed.
 - Diagnostic Review of Children’s Services (medium risk) – the Impower report identifies potential savings which deliver approximately 6 to 8 step downs from residential to in house fostering, but there is a risk that not all savings will be delivered in 2023/24 due to the unknown timescale to drive significant change in in-house fostering services.
 - Strategic Partnership Staying Close Pods and Annexes (medium risk) – delays in identifying a cost-effective construction method, procurement of the pods and annexes, and agreeing a planning route have resulted in a 4-month delay to opening the provision. There is a risk of further slippage while there is still no contractor in place.
- **Communities Services – Total savings £1.5m, £0.8m at risk/unachievable.**
 - Freedom Leisure Contract savings. Income & costs determined by contract with Freedom Leisure, so savings opportunities are limited. £0.7m at risk/unachievable
 - Reduction in Watchet Harbour dredging activity. Activity is still required therefore £20k saving unachievable.
 - Alignment of fees & charges for new Lifeline customers. Currently undertaking a review of income and costs to provide confidence that the savings are achievable following merger of lifeline services - £0.1m potentially at risk.
- **Climate & Place – Total savings £7.9m, £2.1m at risk.**
 - Recycle More. Latest data shows increase in landfill tonnages. Therefore £1.7m of the total saving (£1.4m on track to be achieved).
 - Materials Income. The entire £0.4m saving is at risk due to fluctuating material prices and volumes caused by the volatile economic environment.

- **Resources & Corporate Services – Total savings £4.7m, £0.3m at risk/unachievable.**
 - Mobile Devices. £51k saving is due to be delivered January 2024. Project Manager considers this value to be at risk.
 - Reduction Treasury Management Advice costs. £26k at risk due to lack of baseline & Invoicing data.
 - Review of SAP Licences. Project Manager advises anticipated delay putting the £50k saving at risk.
 - Environmental Health IT. No activity in the programme to realise this saving therefore the entire £39k saving is at risk.
 - Office 365 back-up contracts. Project Manager states this £26k saving is likely unachievable due to pressure to extend Office 365 back-up.
 - Data Centre Consolidation. Linked to office rationalisation therefore £50k saving will not be achievable this year.
 - Housing Benefit Admin Grant (2% increase): The increase in the Government Grant, was less than anticipated resulting in this £28.4k saving being unachievable.

- **Non-Service – Total savings £11.0m, £1.3m at risk.**
 - LGR Staffing savings. Work is currently being undertaken on the new staffing structures for the council, with some proposals out for consultation. Until the consultation is complete the financial savings cannot be guaranteed.

Actual/Forecast Achievements of Transformation, Savings & Income Generation Proposals at end September 2023 (Month 6)
£m



Appendix 10 – Treasury Management

Investments

The Bank of England (BoE) base rate continued to increase during quarter two, to end the quarter at 5.25%. However, with inflation starting to soften the BoE has kept this rate at its last two meetings and most forecasters believe this will be the peak in interest rates for this cycle. Rates are expected to stay at this level until late spring or summer 2024, before declining very gradually.

Cash balances have continued to fall during the quarter in lieu of taking out new borrowing.

No further investment has been made in pooled funds during the quarter. We have maintained the £116.5m already invested by the five prior councils. It is likely we will be looking to reduce this level of investment as the year progresses; however, most funds are currently priced lower than the initial cost and so selling is problematic as it would crystallise these losses.

The continued fall in investment balances is likely to lead to missing the income budget for the year.

A summary of investment balances and movements during the last three months is shown in Table 2 below:

Table 2: Investment Balances and Movements for Quarter 2

	Balance as at 30-06-2023	Balance as at 30- 09-2023	Movement
	£m	£m	£m
Money Market Funds	35.7	26.5	(9.2)
Notice Bank Accounts	20.0	20.0	0.0
Time deposits/CDs – Banks	70.0	0.0	(70.0)
Time Deposits – LAs	30.0	20.0	(10.0)
Debt Management Office	0.0	0.0	0.0
Strategic Pooled Funds	116.5	116.5	0.0
Total Investments	272.2	183.0	(89.2)

Borrowing

The Council is currently managing the cost of borrowing through its Treasury Management activities, as set out in the approved Treasury Management Strategy, by utilising cash funds available rather than taking external debt. This is known as internal borrowing and the council has utilised this strategy over the past three years. This has seen some debt repaid on maturity with only selective deals being renewed. As we move forward through the 2023-24 financial year it is likely that additional debt will be required to manage cash balances and meet capital expenditure.

Paying down some debt initially has continued to allow us to make savings on debt interest costs in the quarter. The majority of the existing debt is fixed rate and therefore it is less sensitive to the increases in BoE base rate but the cost of new debt when needed will be higher than originally budgeted.

Even with the higher costs for new debt and the significant levels of debt that may well be needed in the second half of the year a significant underspend on debt costs is forecast for the full year.

Table 3: Debt Balances and Movements for Quarter 2

	Balance as at 30-06-2023	Balance as at 30-09-2023	Movement
	£m	£m	£m
Local Authority	113.0	117.0	4.0
PWLB	239.8	239.8	0.0
Fixed Rate Bank	57.5	57.5	0.0
LOBO Ban	108.0	93.0	(15.0)
Total General Fund	518.3	507.3	(11.0)
Local Authority	15.0	10.0	(5.0)
PWLB	135.9	135.9	0.0
Fixed Rate Bank	3.0	3.0	0.0
Total HRA	153.9	148.9	(5.0)
Total Debt	672.2	656.2	(16.0)

Decision Report - Executive Decision
Forward Plan Reference: FP/24/05/04
Decision Date - 6 December 2023
Key Decision - No



2023/24 General Fund Capital Budget Monitoring Report Q2

Executive Member(s): Cllr Liz Leyshon, Deputy Leader and Lead Member on Resources and Performance

Local Member(s) and Division: All

Lead Officer: Nicola Hix, Director of Finance & Procurement

Author: Nicola Hix, Director of Finance & Procurement

Contact Details: nicola.hix@somerset.gov.uk

Summary

1. This report is to inform Members of the forecast capital spend as at the 30 September 2023 for the year 2023/24 and an explanation of the key differences from the revised capital budget agreed by Council in September 2023.
2. The capital programme is a combination of the five predecessor councils' capital programmes, together with the approved new schemes agreed in February 2023 as part of the 2023/24 Budget. The programme includes carry forward underspends of £76m from 2022/23 and sets out how the resulting programme is forecast to be financed.
3. The report also provides an overview of the Council's capital programme financial position and highlights any known potential risks and their impact on the Council's resources. This report does not include anything in relation to the Council's Housing Revenue Account.
4. A high-level update on the significant schemes that are planned to be delivered is provided. Each scheme has a nominated budget holder who is responsible for ensuring the scheme stays within budget, and who provides the projected spend figures, working with either Finance Business partners and/or for large and complex schemes or programmes the Corporate Finance team.

5. Capital investment decisions are now required to be underpinned by a robust business plan that sets out the full costs and risks and any expected financial return alongside the broader outcomes including economic and social benefits. Where possible the PIDS/business cases have been collected to provide details on each project, Officers are responsible for monitoring and delivering projects within approved budgets and reporting variances.
6. The budget monitoring position cannot be viewed in isolation and needs to be considered alongside the Medium-Term Financial Strategy (MTFS) 2024/25 to 2026/27.
7. **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis as at the end of September with further detail and mitigations being taken by the responsible director outlined in the body of the report.

Table 1: 2023/24 Summary Budget Monitoring Report as at the end of September 2023 (Month 6)

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Adults and Health	8.758	0.274	7.582	(1.176)	1.082	(0.094)
Children's Services	48.635	11.918	47.176	(1.459)	0.159	(1.300)
Climate & Place Other Services	7.759	0.581	3.724	(4.035)	4.035	
Climate & Place Economy and Regeneration	107.346	9.726	61.000	(46.346)	46.346	
Climate & Place Infrastructure	87.461	26.370	78.501	(8.960)	8.610	(0.350)
Community Services	22.274	1.141	6.990	(15.284)	14.990	(0.294)
Resources & Corporate Services	32.022	2.835	18.397	(13.625)	8.810	(4.815)
Strategy and Workforce	0.235		0.235			
Paused Schemes	1.721	0.011	0.100	(1.621)	1.621	
Grand Total	316.211	52.856	223.705	(92.506)	85.653	(6.853)

8. The projected outturn for 2023/24 is £224m against an original budget of £316m, and of this £92m forecast underspend for the year, £85m has been reprofiled into future years, with £7m as a forecast underspend. There are various reasons for this forecast underspend as detailed in Appendix A, but if it can be maintained at outturn it will help reduce the capital borrowing requirement of the Council, therefore having a positive revenue effect.
9. It is important to note that all figures (opening balances reserves etc) are potentially subject to change until all legacy Council Financial Statements of Accounts for 2022/23 and prior years, have been audited and approved by our

external auditors. Therefore, the table showing the combined Capital programme is indicative and will need to be reviewed by services who in some cases are still familiarising themselves with their capital budgets.

Recommendations

10. That the Executive:

- a. Notes the revised capital forecast spend for the financial year 2023/24 of £224m and the key risks, future issues detailed in the report.

Reasons for recommendations

11. To ensure that the Council continues to maintain tight financial control over its budget and mitigates as far as possible the forecast budget pressures.

Other options considered

12. No other options were considered.

Links to Council Plan and Medium-Term Financial Plan

13. The 2023/24 Capital Budget was approved by Council in February 2023 as part of the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan.

Financial and Risk Implications

14. As noted in the revenue report a new Strategic Risk ORG0070 Budget Overspend in the current financial year has been created and in the light of this report Strategic Risk ORG0057 Sustainable MTFP has had its current score increased with both Strategic risks now being:

Likelihood	5	Impact	5	Risk Score	25
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15. In the initial stages of any development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views and interest of residents and stakeholders who must be consulted,

ground conditions, or the costs of rectifying or demolishing existing buildings. Construction companies and developers contracting with the Council which experience financial instability, particularly an issue following Post Covid-19 pandemic pressures, Brexit and the war in Ukraine and the impact of cost inflation with as mentioned CPI at 6.7 % in September 2023.

16. Suppliers may not be able to raise sufficient finance to cash flow operations, any potential insolvency process could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget. Consequently, the Council could suffer direct financial loss and any defects or other issues may not be resolvable as anticipated. To mitigate this the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.

17. Large scale capital projects can operate in environments which are complex, with a range of variables, and continually evolving. Effective risk identification and control within such a dynamic environment includes populating a project risk register. In addition, it requires amplifying the known risks so that they are not hidden or ignored, demystifying the complex risks into their more manageable sum of parts and anticipating emerging risks which can escalate rapidly are all necessary components of good capital programme risk management.

Legal Implications

18. There are no specific legal implications arising from this report.

HR Implications

19. There are no specific HR implications arising from this report.

Other Implications:

VAT

20. The Council needs to carefully consider its VAT partial exemption calculation and the risk of breaching the partial exemption threshold. Capital projects represent the bulk of this risk. A breach would likely cost the Council several million pounds (for Somerset County Council alone in 2021 £1.5m and for the new Unitary much

higher with addition of the districts) per year if in breach. Finance is working closely with departments to ensure that partial exemption risks are considered as part of significant capital projects.

Equalities Implications

21. There are no specific equalities implications arising from this report.

Community Safety Implications

22. There are no community safety implications arising from this report.

Climate Change and Sustainability Implications

23. There are no climate change and sustainability implications arising from this report.

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

26. There are no Social Value implications arising from this report.

Scrutiny comments / recommendations:

27. This report will be presented to Scrutiny for Corporate & Resources Committee, on 5 December 2023.

Background

28. Full Council approves the capital budget in February each year. Monitoring of the agreed programme is delegated to the Executive and is undertaken on a quarterly basis (although a quarter one position was not produced due to the work involved in amalgamating the final capital position from each legacy Council, together with the new Finance System and other pressures in the team).

29. This report is the first capital monitoring report for 2023/24 and has been produced using a mixture of the Capital Programme excel report and Solver, the Council's budget monitoring tool linked to the new finance system Microsoft Dynamics. It is envisaged that the next quarter report will be fully produced from Solver. Business partners will work with capital budget holders to provide the latest forecast and flag risks and opportunities in relation to capital.
30. Going forward we will also look to include more charts and graphs in this report to clearly show the areas of capital spend against budget, but also show the outcomes that have been achieved from the Council's spend.
31. This report is for the General Fund. The General Fund (GF) mainstream programme cuts across the departments and represents schemes which are funded from Council resources (capital receipts or borrowing). It is the area of the programme where the Council has the greatest discretion.

Overall Forecast Capital Position Q2 2023/24

32. The original budget for 2023-24 totalled £316m. Actual expenditure as of 30 September was £52.8m, with a revised forecast of £224m for 2023-24. This is a variance of £92m from the original budget of which, £85m has been reprofiled into future years with the remaining £7m being shown as an underspend.
33. The overall programme budget (2023-24 to 2026-27) totalled £390m. The focus of this report has been on the in-year budget position, which shows an underspend of £7m on the programme. A wider report based on the full programme will be included in the quarter three report.
34. **Table 1** (in the summary section) shows the forecast outturn position against the original 2023-24 budget. **Table 3** provides a Directorate level forecast of the overall capital programme (2023-24 to 2026-27).
35. A high-level detail and summary per Directorate can be seen in **Appendix A**. **Appendix B** shows a scheme-by-scheme breakdown of these figures.
36. There are a number of pressures the Council is facing with regard to the delivery of its capital programme. The main one being inflation. The rise in inflation is putting significant cost pressure on MTFP and the ability to deliver capital projects on budget with CPI in September at 6.7 % and a number of schemes will have started in lower inflation periods.

37. To alleviate budget pressures, the Council must reduce the high Capital Financing Requirement (CFR) by reviewing the programme for potential savings and make recommendations based on the outcome of the review e.g., discretionary project and for projects not started aligning with new Capital bids criteria of required for Health and safety or fully funded e.g., by grants. Some invest to save schemes may also be considered.
38. A review has been undertaken of Capital projects under the check and challenge process with a view to ‘pausing’ or curtailing capital schemes, particularly those that are supported by borrowing, however, any delay of capital spend increases cash balances which attracts investment income and is therefore financially beneficial. The exact mechanism to take decisions based on the review will be advised. A separate report on capital savings will be presented to MTFP board.
39. Any projects that are stopped with existing spend will have negative revenue implications if no asset is delivered so the savings must justify these costs.
40. Part of the review of the capital programme has already identified a number of capital schemes that are paused in the capital programme, that can be seen in Table 2.

Table 2 – Already Paused Schemes

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Homes for Children with Disabilities Phase 2						
Bridgwater Library Improvements						
Wincanton Regeneration	1.131			(1.131)	1.131	
Yeovil Crematorium Refurbishment	0.590	0.011	0.100	(0.490)	0.490	
Paused Schemes Total	1.721	0.011	0.100	(1.621)	1.621	

41. These schemes were paused as part of the 2023-24 MTFP process. The slippage reported above relates to outturn carry forward approvals from 2022-23.

The Overall Capital Programme Forecasts (2023-24 to 2026-27)

42. The overall capital programme is made up of approvals totalling £389.8m. Chart 1 reflects how this approval is split across the directorates. Chart 2 shows the funding sources attributable to this forecast spend.

Chart 1- Summarising the budget totals by Directorate/ Service Area

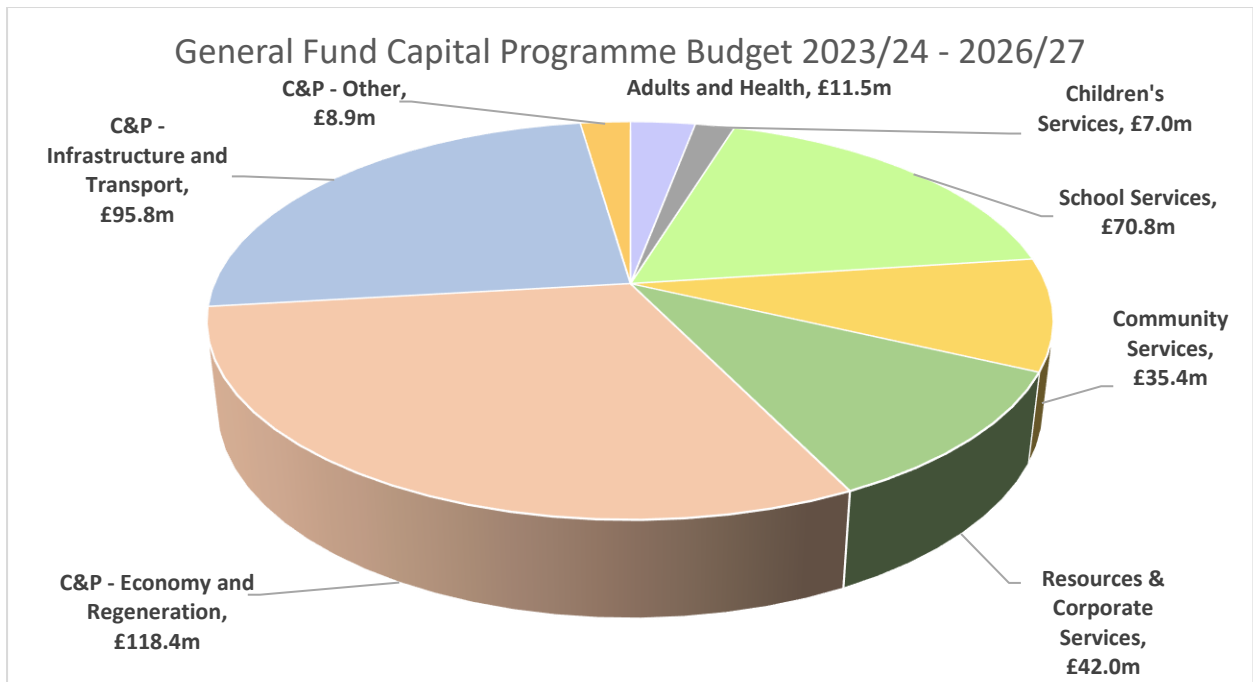
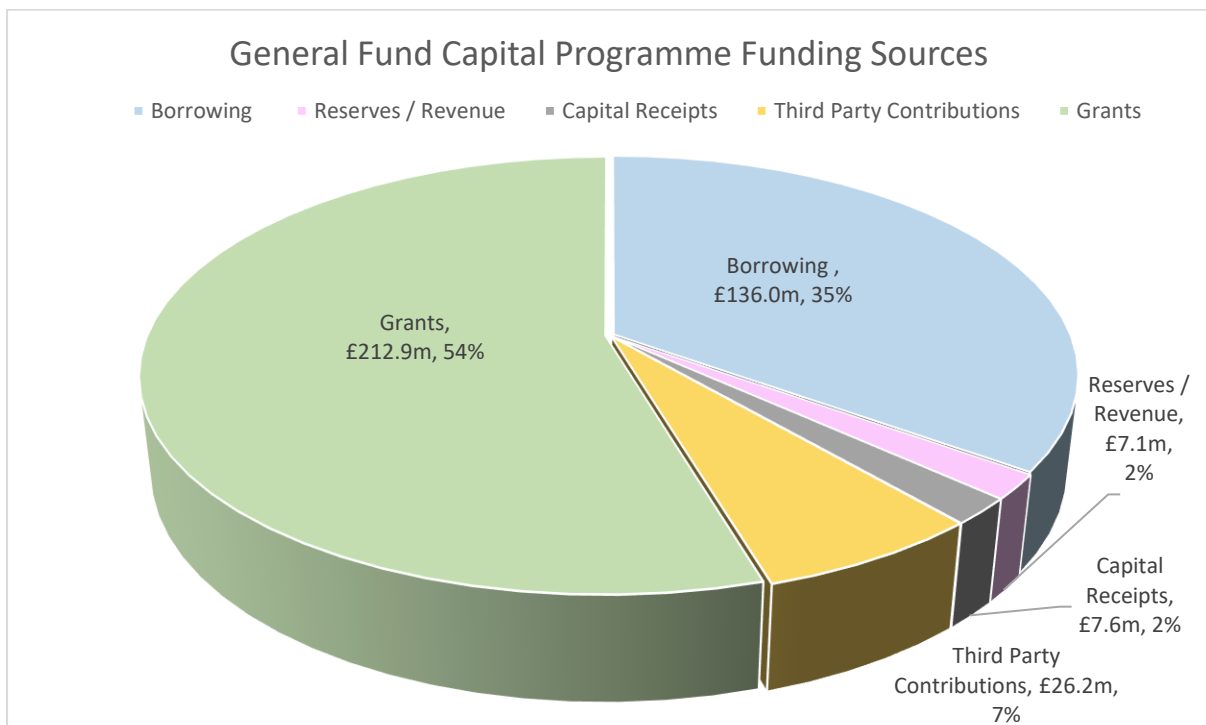


Chart 2 - Funding sources for the overall programme



43. Table 3 shows the forecast profiled expenditure for the current year and future three years. The variance column shows the forecast underspend of £6.8m.

Table 3 – The Overall Capital Programme Summary

Service/ Project	Total Budget £m	Forecasted Expenditure					Variance £m
		2023/24	2024/25	2025/26	2026/27 >	Total	
		£m	£m	£m	£m	£m	
Adults and Health	11.556	7.582	2.512	1.368		11.462	(0.094)
Children's Services	76.415	47.176	19.800	5.715	2.424	75.115	(1.300)
Climate & Place - Other Services	8.920	3.724	4.108	1.088		8.920	
Climate & Place - Economy and Regeneration	115.704	61.000	35.213	19.491		115.704	
Climate & Place - Infrastructure	95.766	78.501	16.467	0.448		95.416	(0.350)
Community Services	35.329	6.990	16.869	10.748	0.428	35.035	(0.294)
Resources & Corporate Services	36.090	18.397	10.673	2.205		31.275	(4.815)
Strategy and Workforce	0.506	0.235	0.135	0.136		0.506	
Paused Schemes	9.516		9.377	0.139		9.516	
Total	389.802	223.605	115.154	41.338	2.852	382.949	(6.853)
Funded By:							
Grant	212.839	126.265	58.726	27.404		212.395	(0.444)
CIL/ S106/ Other Contributions	26.200	16.234	8.936	1.030		26.200	
Capital Receipts	7.547	6.727	0.681			7.408	(0.139)
Borrowing	136.114	69.704	44.552	12.736	2.852	129.844	(6.270)
Reserves/ Revenue	7.102	4.675	2.259	0.168		7.102	
Total	389.802	223.605	115.154	41.338	2.852	382.949	(6.853)

Background Papers

44. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023
45. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023

Appendices

- Appendix A - high level detail and summary per Directorate
- Appendix B – General Fund Capital Programme Forecasts 2023-24 to 2026-27

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	27/11/2023
Communications	Peter Elliott	27/11/2023
Finance & Procurement	Nicola Hix	27/11/2023
Workforce	Dawn Bettridge	27/11/2023
Asset Management	Oliver Woodhams	27/11/2023

Executive Director / Senior Manager	Jason Vaughan	27/11/2023
Strategy & Performance	Alyn Jones	27/11/2023
Executive Lead Member	Cllr Liz Leyshon	27/11/2023
Consulted:	Councillor Name	
Local Division Members	All	27/11/2023
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	27/11/2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	27/11/2023

Adults and Health and Children's Services Overview

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Adults ICT Infrastructure	0.094			(0.094)		(0.094)
Adults Residential Programme	1.332		0.250	(1.082)	1.082	
Disabled Facilities Grant	7.188	0.270	7.188			
Learning Disabilities	0.104	0.004	0.104			
Housing Technology Grant	0.040		0.040			
Adults and Health Total	8.758	0.274	7.582	(1.176)	1.082	(0.094)
Children's Residential	3.733	0.677	3.533	(0.200)	0.200	
Children Looked After	0.429		0.182	(0.247)	0.247	
Special Education Needs	4.582	0.359	5.082	0.500	(0.500)	
Schools Access Initiative	0.449	0.133	0.449			
Early Years	0.918	0.236	0.218	(0.700)		(0.700)
Schools Services	38.524	10.513	37.712	(0.812)	0.212	(0.600)
Children's Services Total	48.635	11.918	47.176	(1.459)	0.159	(1.300)

Adults and Health

A historic approval for Adults ICT Infrastructure costs has been identified as surplus to requirements in the current programme. This offers up an underspend of £0.094m.

A review of the Adults Residential Programme has been undertaken as part of the overall capital programme review. More details and recommendations surrounding this will form part of the MTFP update to Executive in January.

Children's Services

Some slippage has been reported within the Children's Residential, Children Looked After, and School Services programmes.

An acceleration of spend has been forecasted within the Special Education Needs programme as projects have been identified for using some of the funds.

Early Years has identified an underspend of £0.700m within their condition programme. This will be considered within the forthcoming MTFP update.

The Schools Basic Need Programme has reported an underspend of £0.600m from a project that is no longer required.

As part of the ongoing capital programme review, a number of opportunities have arisen from the Early years and School' Services budget lines. These include potential funding switches (from borrowing to external funding such as CIL and S106

Contributions) and from projects that are no longer required or have been scaled back. Full details of these and their recommendations will be put forward within the January MTFP update.

Climate and Place – Other Services

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Flood & Water Management (Non SRA)	4.335	0.118	0.300	(4.035)	4.035	
Somerset Waste Partnership	2.336	0.457	2.336			
Chard Reservoir Dam Works	0.078		0.078			
North Hill Cliff Stabilisation	1.010	0.006	1.010			
Climate & Place Other Services Total	7.759	0.581	3.724	(4.035)	4.035	

Slippage reported in the above table relates to Flood Prevention schemes for the Taunton area, brought forward from the Somerset West and Taunton capital programme. These are now likely to commence in the second half of 2024.

Climate and Place – Economy and Regeneration

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Business Growth Fund & Other Projects	2.988	0.504	2.988			
Taunton Digital Innovation Centre	1.831	1.114	1.831			
Bridgwater Town Deal	22.000		5.766	(16.234)	16.234	
Bridgwater Levelling Up Fund	19.700	1.968	6.345	(13.355)	13.355	
Glastonbury Town Deal	15.271	1.069	5.600	(9.671)	9.671	
Saxonvale, Frome	0.100			(0.100)	0.100	
Taunton Town Centre Regeneration	0.080		0.080			
Phosphates	1.986			(1.986)	1.986	
Firepool Development FHSF Phase	7.800	1.792	3.800	(4.000)	4.000	
Chard Regeneration	2.050	0.022	1.050	(1.000)	1.000	
Yeovil Refresh	18.399	3.257	18.399			
Staplegrave Housing Infrastructure Fund	14.216		14.216			
Contribution to CDS Broadband	0.550		0.550			
Frome Enterprise Centre	0.375		0.375			
Climate & Place Economy and Regeneration Total	107.346	9.726	61.000	(46.346)	46.346	

The large slippage reported within this area of the programme relates to the reprofiling of legacy projects from the previous authorities. The details of the original forecasts were not included in the combined programme approved in September.

The Bridgwater Town Deal and Levelling Forecasts have been amended to reflect the funding profiles for each scheme.

Climate and Place – Infrastructure and Transport

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Bridge Structures	4.273	0.531	2.273	(2.000)	2.000	
Road Structures	31.914	12.447	29.914	(2.000)	2.000	
Traffic Control	5.549	5.286	5.549			
Active Travel	3.709	0.677	3.709			
Integrated Transport	1.446	1.087	1.446			
Small Improvement Schemes	1.938	0.364	1.938			
Highway Lighting	0.827	0.234	0.827			
Rights of Way	1.937	0.089	1.937			
Car Parks & Parking Services	0.867	0.855	0.867			
M5 Junction 25 Improvements	2.297	0.004	2.297			
Toneway Corridor Capacity Improvements	2.274	0.290	2.274			
Trenchard Way Residual Works	0.271	1.023	1.500	1.229		
Major Road Network	1.744	0.001	1.744			
A38 Chelston Link	5.110	0.159	0.500	(4.610)	4.610	
J23 Dunball Improvements	5.178	0.256	5.178			
Blue Anchor Coast Protection	3.756	2.636	3.406	(0.350)		(0.350)
Various Other Schemes	4.034	0.136	2.805	(1.229)		
Fleet Management	5.919	0.295	5.919			
Bus Service Improvement Programme	4.418		4.418			
Climate & Place Infrastructure Total	87.461	26.370	78.501	(8.960)	8.610	(0.350)

Bridge Structures are anticipating slippage of around £2m into the next financial year. This relates to their annual programme and three major projects which are being undertaken at the same time.

Road Structures anticipate slippage of £2m due to the end of the current term maintenance contract.

A38 Chelston Link Resurfacing project has progressed through the pre-construction phase. However, the main construction is now not scheduled to commence until the second half of 2024/25. This is due to the tendering process and availability of road space with several Highways England works planned within the local area.

The Blue Anchor Coast Protection scheme is due to complete this year. Current indications are that an underspend of £0.350m will be achieved.

Community Services

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Wellington Library Improvements	1.186	0.013	1.186			
Library Services	0.419	0.075	0.453	0.034	(0.034)	
Cultural and Heritage Services	(0.747)	0.145	0.162	0.909	(0.909)	
Grants to Registered Social Landlords (RSLs)	0.504	0.040	0.504			
Gypsy Site	0.109			(0.109)		(0.109)
IAC Staffing and Support	0.204		0.204			
Energy Efficiency Grants	0.099		0.099			
Home Maintenance	0.108		0.108			
Other Schemes	2.756	0.409	2.756			
Wellington Leisure Centre	0.754	0.175	0.754			
Norton Fitzwarren Playing Pitches (S106)	0.264	0.172	0.264			
Brewhouse Theatre	0.185			(0.185)		(0.185)
Octagon Redevelopment	16.433	0.112	0.500	(15.933)	15.933	
Community Services Total	22.274	1.141	6.990	(15.284)	14.990	(0.294)

Two projects within this area have been identified as surplus to requirements, creating an underspend of £0.294m. These schemes will be recommended for removal from the programme in the MTFP update paper.

The Octagon Theatre project was acknowledged not to be deliverable in its current form at the Executive meeting held on the 4th of October 2023. The direction set at that meeting was for a future options appraisal to come back to Council and if appropriate to be supported by a new capital bid. The historical capital scheme will therefore be removed from future capital reports.

Resources and Corporate Services

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Finance - Capital Programme Contingency	4.029			(4.029)	4.029	
Corporate ICT Investment	4.196	0.304	1.496	(2.700)	1.000	(1.700)
Property Services General	13.247	2.403	13.247			
Building Compliance Health & Safety	0.250		0.210	(0.040)	0.040	
Asset Rationalisation	0.130		0.130			
New Somerset Council Signage	0.078			(0.078)		(0.078)
Office Rationalisation	0.500		0.500			
Building Condition Programme (Non Schools)	0.900		0.100	(0.800)	0.800	
Outdoor Education Centres Improvements	0.647	0.009	0.046	(0.601)	0.601	
Saltlands Solar Park	3.137	0.011	0.100	(3.037)		(3.037)
South West Heritage Trust Building Condition	0.360		0.050	(0.310)	0.310	
Outdoor Education Centres Building Condition	1.080		0.050	(1.030)	1.030	
Estate De-carbonisation	1.000			(1.000)	1.000	
Birchfield Gas Control System	0.458	0.023	0.458			
Capital Works for Investment Properties	2.010	0.085	2.010			
Resources & Corporate Services Total	32.022	2.835	18.397	(13.625)	8.810	(4.815)

At present, there is no requirement to call on the programme contingency in this financial year.

ICT Services are forecasting an underspend of £1.7m on their current programme. This will form part of the recommendations within the MTFP update paper.

£0.078m of approval earmarked for New Council Signage has been deemed surplus to requirements and may also be offered up as a potential saving.

The Saltlands Solar Park will not proceed. Any capital costs to date will need to be transferred back to revenue. The revenue implications around future income/ savings will be factored into the MTFP workings for next year's budget setting.

Strategy, Workforce, and Localities

Service/ Project	2023/24 Budget	Actual Spend at Mth 6	Revised Q2 Forecast for 2023/24	Variance to Original Budget	Of which:	
					Slippage into future years	(Under) / Over Spend
	£m	£m	£m	£m	£m	£m
Hinkley CIM Funded SWT Projects	0.100		0.100			
Various Other Schemes	0.135		0.135			
Strategy and Workforce Total	0.235		0.235			

No change in forecasts to report in this area.

Appendix B - General Fund Capital Programme Forecasts 2023-24 to 2026-27

Adults and Health

Service/ Project	Total Budget	Forecasted Expenditure					Variance
		2023/24	2024/25	2025/26	2026/27 >	Total	
	£m	£m	£m	£m	£m	£m	£m
Adults ICT Infrastructure	0.094						(0.094)
Adults Residential Programme	1.891	0.250	1.366	0.275		1.891	
Disabled Facilities Grant	9.374	7.188	1.093	1.093		9.374	
Learning Disabilities	0.157	0.104	0.053			0.157	
Housing Technology Grant	0.040	0.040				0.040	
Total	11.556	7.582	2.512	1.368		11.462	(0.094)
Funded By:							
Grant	9.506	7.226	1.093	1.093		9.412	(0.094)
CIL/ S106/ Other Contributions	0.135	0.092	0.043			0.135	
Borrowing	1.915	0.264	1.376	0.275		1.915	
Total	11.556	7.582	2.512	1.368		11.462	(0.094)

Children's Services

Service/ Project	Total Budget	Forecasted Expenditure					Variance
		2023/24	2024/25	2025/26	2026/27 >	Total	
	£m	£m	£m	£m	£m	£m	£m
Children's Residential	4.001	3.533	0.326	0.071	0.071	4.001	
Children Looked After	0.442	0.182	0.130	0.130		0.442	
Special Education Needs	10.418	5.082	3.769	1.567		10.418	
Schools Access Initiative	0.584	0.449	0.135			0.584	
Early Years	1.130	0.218	0.212			0.430	(0.700)
Schools - DFCG & Energy Efficiency	2.138	1.388	0.750			2.138	
Schools - Basic Need	34.964	20.839	7.225	3.947	2.353	34.364	(0.600)
Schools Condition	22.738	15.485	7.253			22.738	
Total	76.415	47.176	19.800	5.715	2.424	75.115	(1.300)
Funded By:							
Grant	20.039	11.603	6.739	1.697		20.039	
CIL/ S106/ Other Contributions	8.674	8.674				8.674	
Capital Receipts	0.139						(0.139)
Borrowing	47.563	26.899	13.061	4.018	2.424	46.402	(1.161)
Total	76.415	47.176	19.800	5.715	2.424	75.115	(1.300)

Climate and Place – Other Services

Service/ Project	Total Budget	Forecasted Expenditure					Variance
		2023/24	2024/25	2025/26	2026/27 >	Total	
	£m	£m	£m	£m	£m	£m	£m
Flood & Water Management (Non SRA)	5.335	0.300	4.035	1.000		5.335	
Somerset Waste Partnership	2.476	2.336	0.070	0.070		2.476	
Chard Reservoir Dam Works	0.099	0.078	0.003	0.018		0.099	
North Hill Cliff Stabilisation	1.010	1.010				1.010	
Total	8.920	3.724	4.108	1.088		8.920	
Funded By:							
CIL/ S106/ Other Contributions	5.229	0.300	4.035	0.894		5.229	
Borrowing	1.215	1.088	0.003	0.124		1.215	
Reserves/ Revenue	2.476	2.336	0.070	0.070		2.476	
Total	8.920	3.724	4.108	1.088		8.920	

Climate and Place – Economy, Employment, and Planning

Service/ Project	Total Budget	Forecasted Expenditure					Variance
		2023/24	2024/25	2025/26	2026/27 >	Total	
	£m	£m	£m	£m	£m	£m	£m
Business Growth Fund & Other Projects	3.422	2.988	0.434			3.422	
Taunton Digital Innovation Centre	1.831	1.831				1.831	
Bridgwater Town Deal	22.000	5.766	8.985	7.249		22.000	
Bridgwater Levelling Up Fund	19.700	6.345	7.211	6.144		19.700	
Glastonbury Town Deal	21.650	5.600	10.050	6.000		21.650	
Saxonvale, Frome	0.298		0.200	0.098		0.298	
Taunton Town Centre Regeneration	0.977	0.080	0.897			0.977	
Phosphates	1.986		1.986			1.986	
Firepool Development FHSF Phase	7.800	3.800	4.000			7.800	
Chard Regeneration	2.050	1.050	1.000			2.050	
Yeovil Refresh	18.399	18.399				18.399	
Staplegrave Housing Infrastructure Fund	14.216	14.216				14.216	
Contribution to CDS Broadband	0.550	0.550				0.550	
Frome Enterprise Centre	0.825	0.375	0.450			0.825	
Total	115.704	61.000	35.213	19.491		115.704	
Funded By:							
Grant	101.361	51.222	30.746	19.393		101.361	
CIL/ S106/ Other Contributions	4.435	1.552	2.883			4.435	
Capital Receipts	1.695	1.695				1.695	

Borrowing	6.847	5.463	1.384			6.847
Reserves/ Revenue	1.366	1.068	0.200	0.098		1.366
Total	115.704	61.000	35.213	19.491		115.704

Climate and Place – Infrastructure and Transport

Service/ Project	Total Budget	Forecasted Expenditure					Variance
		2023/24	2024/25	2025/26	2026/27 >	Total	
		£m	£m	£m	£m	£m	
Bridge Structures	5.773	2.273	3.500			5.773	
Road Structures	31.914	29.914	2.000			31.914	
Traffic Control	5.549	5.549				5.549	
Active Travel	5.375	3.709	1.666			5.375	
Integrated Transport	1.446	1.446				1.446	
Small Improvement Schemes	1.938	1.938				1.938	
Highway Lighting	0.827	0.827				0.827	
Rights of Way	1.937	1.937				1.937	
Car Parks & Parking Services	1.363	0.867	0.248	0.248		1.363	
M5 Junction 25 Improvements	1.897	2.297		(0.400)		1.897	
Toneway Corridor Capacity Improvements	2.274	2.274				2.274	
Trenchard Way Residual Works	0.271	0.271				0.271	
Major Road Network	2.044	1.744	0.200	0.100		2.044	
A38 Chelston Link	5.110	0.500	4.610			5.110	
J23 Dunball Improvements	5.178	5.178				5.178	
Blue Anchor Coast Protection	3.756	3.406				3.406	(0.350)
Various Other Schemes	4.034	4.034				4.034	
Fleet Management	6.919	5.919	0.500	0.500		6.919	
Bus Service Improvement Programme	8.161	4.418	3.743			8.161	

Total	95.766	78.501	16.467	0.448		95.416	(0.350)
Funded By:							
Grant	68.606	54.355	13.901			68.256	(0.350)
CIL/ S106/ Other Contributions	6.361	4.695	1.666			6.361	
Capital Receipts	1.391	1.391				1.391	
Borrowing	19.004	17.656	0.900	0.448		19.004	
Reserves/ Revenue	0.404	0.404				0.404	
Total	95.766	78.501	16.467	0.448		95.416	(0.350)

Community Services

Service/ Project	Total Budget	Forecasted Expenditure					Variance
		2023/24	2024/25	2025/26	2026/27 >	Total	
	£m	£m	£m	£m	£m	£m	£m
Wellington Library Improvements	1.216	1.186	0.030			1.216	
Library Services	0.779	0.453	0.326			0.779	
Cultural and Heritage Services	0.162	0.162				0.162	
Grants to Registered Social Landlords (RSLs)	0.780	0.504	0.276			0.780	
Gypsy Site	0.109						(0.109)
IAC Staffing and Support	0.408	0.204	0.102	0.102		0.408	
Energy Efficiency Grants	0.223	0.099	0.062	0.062		0.223	
Home Maintenance	0.222	0.108	0.057	0.057		0.222	
Prevention Grants	0.071		0.071			0.071	
Other Schemes	2.768	2.756	0.012			2.768	
Wellington Leisure Centre	0.754	0.754				0.754	
Norton Fitzwarren Playing Pitches (S106)	0.264	0.264				0.264	

Brewhouse Theatre	0.185						(0.185)
Octagon Redevelopment	27.388	0.500	15.933	10.527	0.428	27.388	
Total	35.329	6.990	16.869	10.748	0.428	35.035	(0.294)
Funded By:							
Grant	13.095	1.627	6.247	5.221		13.095	
CIL/ S106/ Other Contributions	0.658	0.586	0.072			0.658	
Capital Receipts	0.199	0.182	0.017			0.199	
Borrowing	19.078	4.095	8.734	5.527	0.428	18.784	(0.294)
Reserves/ Revenue	2.299	0.500	1.799			2.299	
Total	35.329	6.990	16.869	10.748	0.428	35.035	(0.294)

Resources and Corporate Services

Service/ Project	Total Budget	Forecasted Expenditure					Variance
		2023/24	2024/25	2025/26	2026/27 >	Total	
		£m	£m	£m	£m	£m	
Finance - Capital Programme Contingency	4.029		4.029			4.029	
Corporate ICT Investment	6.074	1.496	2.098	0.780		4.374	(1.700)
Property Services General	14.045	13.247	0.798			14.045	
Building Compliance Health & Safety	0.250	0.210	0.040			0.250	
Asset Rationalisation	0.200	0.130	0.070			0.200	
New Somerset Council Signage	0.078						(0.078)
Office Rationalisation	0.500	0.500				0.500	
Building Condition Programme (Non Schools)	1.500	0.100	1.000	0.400		1.500	

Outdoor Education Centres Improvements	0.921	0.046	0.500	0.375		0.921	
Saltlands Solar Park	3.137	0.100				0.100	(3.037)
South West Heritage Trust Building Condition	0.400	0.050	0.200	0.150		0.400	
Outdoor Education Centres Building Condition	1.200	0.050	0.650	0.500		1.200	
Estate De-carbonisation	1.000		1.000			1.000	
Birchfield Gas Control System	0.458	0.458				0.458	
Capital Works for Investment Properties	2.298	2.010	0.288			2.298	
Total	36.090	18.397	10.673	2.205		31.275	(4.815)
Funded By:							
Grant	0.232	0.232				0.232	
CIL/ S106/ Other Contributions	0.202	0.100	0.102			0.202	
Capital Receipts	3.459	3.459				3.459	
Borrowing	31.830	14.239	10.571	2.205		27.015	(4.815)
Reserves/ Revenue	0.367	0.367				0.367	
Total	36.090	18.397	10.673	2.205		31.275	(4.815)

Strategy, Workforce, and Localities

Service/ Project	Total Budget	Forecasted Expenditure					Variance
		2023/24	2024/25	2025/26	2026/27 >	Total	
	£m	£m	£m	£m	£m	£m	£m
Hinkley CIM Funded SWT Projects	0.100	0.100				0.100	
Various Other Schemes	0.406	0.135	0.135	0.136		0.406	
Total	0.506	0.235	0.135	0.136		0.506	
Funded By:							
CIL/ S106/ Other Contributions	0.506	0.235	0.135	0.136		0.506	
Total	0.506	0.235	0.135	0.136		0.506	

Paused Schemes

Service/ Project	Total Budget	Forecasted Expenditure					Variance	
		2023/24	2024/25	2025/26	2026/27 >	Total		
	£m	£m	£m	£m	£m	£m	£m	
Homes for Children with Disabilities Phase 2	1.500		1.500				1.500	
Bridgwater Library Improvements	1.391		1.252	0.139			1.391	
Wincanton Regeneration	2.668		2.668				2.668	
Yeovil Crematorium Refurbishment	3.957		3.957				3.957	
Total	9.516		9.377	0.139			9.516	
Funded By:								
Capital Receipts	0.664		0.664				0.664	
Borrowing	8.662		8.523	0.139			8.662	
Reserves/ Revenue	0.190		0.190				0.190	
Total	9.516		9.377	0.139			9.516	

Executive Decision Report

Forward Plan Reference: FP/23/09/13

Decision Date: 6 December 2023

Key Decision: No



2023/24 Housing Revenue Account (HRA) Revenue and Capital Budget Monitoring as at Quarter 2 (30 September 2023)

Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance(s); Lead Member for Communities, Housing and Culture

Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Executive Director for Resource & Corporate, S151 Officer

Author: Kerry Prisco, Management Accounting & Reporting Lead

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1 Executive Summary

1.1 This report provides an update on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2023/24 (as at 30th September 2023).

1.2 The headline estimates for revenue costs are:

Revenue Budget	Forecast overspend of £2.074m	Red
General Reserves	£9.975m forecast balance = favourable compared to £3.722m minimum requirement	Green
Earmarked Reserves	£258k opening balance	Green

1.3 The HRA is a ring-fenced account which must abide by the accounting regulations and ensure that cross subsidy does not occur. Whilst self-financing has provided some flexibilities, the HRA is heavily regulated which restricts income growth and increase cost pressures.

1.4 The HRA has set a balance budget for 2023/24 however areas of risk for the year will

relate to the **economic operating environment** and the impact this may have on any variation from the forecasts assumed when setting the budget, for example the cost of borrowing for the refinancing of debt, pay awards, cost of materials and utilities, etc.

- 1.5 In addition, there are risks associated with **regulatory and compliance** requirements. For example, changes are expected during the year in relation to the Regulator of Social Housing's decent home standard where the cost impact is unknown, as well as a new Act which places new emphasis on customer safety, quality of accommodation, engagement, communication and greater evidence of listening to our tenants. New tenant satisfaction measures are now established and reported on.
- 1.6 From an **operational** perspective, the risk here relates to the levels of demand from our tenants for support and service, for example for debt and benefit advice, repairs and maintenance on their properties, and the number and condition of void properties. This is a very reactive service based on the needs of the tenants.
- 1.7 The headline estimates for **capital** costs are:
- 1.8 The Housing Revenue Account (HRA) Capital Programme for 2023/24 onwards is £122.606m. This consists of £32.208m of new schemes approved for 2023/24 plus £90.397m approved budget carry forward.
- 1.9 The current forecast outturn is an underspend of c.£4.6m for the Major & Improvement Works. The Social Housing Development schemes will be delivered over the next eight years, with the profiled budget for 2023/24 reporting an underspend of c.£491k.

2 Recommendations

- 2.1 The Executive agree:
- 2.2 To note the HRA's forecast financial performance and projected reserves position for 2023/24 financial year as at 30 September 2023, including key risks and future issues and opportunities detailed in the report which will be closely monitored and updated throughout the year.
- 2.3 To note the forecast outturn position of the Capital Programme.

3 Risk Assessment

- 3.1 Financial forecasts are based on known information and projections based on assumptions. As such any forecast carries an element of risk. The current forecasts included in this report are considered reasonable given the extra element of risk around inflation being experienced in the current economic operating environment and based on experience it is feasible the year end position could change. It is common for overspends and / or underspends to emerge during the year, reflecting an optimism bias within previous forecasting. There may also be matters beyond the Council's control that affect the final outturn position.
- 3.2 Salient in year budget risks are summarised below. The Council manages financial risk in several ways including setting prudent budgets, carrying out appropriate monitoring and control of spend, operating robust financial procedures, and so on. The Council also holds both unearmarked and earmarked reserves which include contingencies to manage budget risk.
- 3.3 Budgets and forecasts are based on known information and the best estimates of the housing service's future spending and income. Income and expenditure over the 2023/24 financial year are estimated by budget holders and then reported through the budget monitoring process. During this process risks and uncertainties are identified which could impact on the financial projections, but for which the likelihood, and/or amount are uncertain. The Council carries protection against risk and uncertainty in several ways, such as insurances and maintaining reserves. This is a prudent approach and helps to mitigate unforeseen pressures.
- 3.4 The following general risks and uncertainties have been identified:

Regulatory and Compliance

- 3.5 Over the past few years, the regulatory and compliance requirements have increased. The landlord functions have increasingly stringent standards to ensure customers are kept safe. Recent and imminent legislation in Fire Safety and Damp & Mould has led to greater investment in a range of components and different working practices. The proportionate cost of works associated with compliance has increased significantly over the past three years. The landlords are investing significantly in electrical safety checks, compartmentalisation within blocks and fire doors and Homes in Sedgemoor with the Council has enhanced its practices to manage new Building Safety Act requirements. New national concerns for example Reinforced Autoclaved Aerated Concrete (RAAC) have hit the headlines and the service needs to react to reassure customers and the

council.

- 3.6 **Landlord Compliance:** Both operating models have good and well-established approaches to ensure the Council keep tenants safe. The big six compliance areas (Gas, Electric, Water, Asbestos, Fire Safety and Lifts) have now been joined by Damp and Mould. Housing is increasingly scrutinised and reputational damage as well as harm is significant if the Council fails to manage its compliance responsibilities. The Council is ultimately responsible. Performance management frameworks are in place to measure landlord compliance and new approaches have been developed to help the services respond to damp and mould cases. The Housing Regulator is currently supporting the in-house service's action plan to bring Electrical testing to top quartile performance. Regular audits take place, and we are awaiting a final report on the Fire Safety Audit recently undertaken.
- 3.7 **Social Housing (Regulation) Act:** The core objectives to facilitate a new, proactive approach to customer regulation regime, refine the existing economic regime and strengthen the regulatory powers to enforce customer and economic regulation. The Bill includes Awaab's Law - placing additional requirements in relation to resolving damp and mould on the landlord and requiring greater professionalisation of the service. Other requirements will follow, for example the need for all Housing Managers to have professional qualifications which, although welcomed, will add further cost pressures to the service. The Council is applying the new Tenant Satisfaction Measures in an identical way through its two operating models and reporting these through Key Performance Indicators. The Bill requires several changes to home safety, tenant satisfaction measures, complaints handling, a new inspection regime for social landlords and a strengthened role for the Regulator of Social Housing. The Act provides us with additional impetus for the two operating models to share best practice and learn from one another. The in-house service is focussing this year on improving communication with tenants, within the service and on Core Service delivery (repairs, compliance, capital programme, voids/lettings, tenancy management and income collection). Homes in Sedgemoor will retain a focus on core services which are performing well such as rent collection and tenant engagement whilst looking to improve in areas such as major voids, leasehold management and lift servicing.
- 3.8 **Responding to increased stock quality standards:** Changes to the Regulator of Social Housing's decent home standard as well as net zero targets and milestones place an additional financial burden on resources. Both operating models have been successful at attracting grant and aligning some energy works with capital programmes to partially offset costs. For example, the HRA is currently using Social Housing Decarbonisation

funding wave 1 & 2 and ECO4 utility obligation to minimise the cost of low carbon retrofit. After a period of transition, the Housing Revenue Account service will be in a good position to influence stock investment for all 10,000 homes and align strategy such as low carbon retrofit.

- 3.9 **Right To Buy (RTB) Receipts:** This is a government policy that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. The receipts allowed to be retained by the Council can now fund up to 40% of new social housing costs and must be used within five years of receipt. To date, with the exception of one instance in Q1 2015/16 where receipt and interest was repaid, the Council has successfully fully spent all of their retained 1-4-1 receipts. In addition, the HRA makes use of other grant funds including Homes England, Hinkley Point C and better care fund to reduce the costs to the HRA of regeneration, development or building homes to support vulnerable customers.

Economic Operating Environment

- 3.10 **Inflation:** The current economic operating environment is placing financial risk on the Council in terms of rising inflation increasing the cost of supplies such as utilities, labour and materials. Regardless of the difference in how the repairs are delivered (by a direct labour organisation or contracts) the shortage of labour and materials is increasing costs to the service and often additional supervision is required to ensure quality is maintained.
- 3.11 **Rising cost of borrowing:** The landlord service has a well developed social housing and regeneration programme; however, these schemes can only obtain a maximum of 40% subsidy from the RTB Scheme (subject to criteria) leaving the Council to borrow to finance the remaining 60% cost of the scheme. With the cost of borrowing rising this is having a significant impact on the MTFP and 30-Year Business when new borrowing is required to either refinance debt falling due or to finance new borrowing requirements. The service has supported the wider aims of the council and benefitted from the Local Authority Housing Fund to purchase homes for displaced persons and hosting the properties in the HRA. This type of approach aligning corporate priorities with the Councils HRA functions is an example that benefits the customer, general fund and HRA.
- 3.12 The PWLB has recently announced a reduction in the margin applied to loans that will be used to fund capital expenditure within the Housing Revenue Account (HRA). Available from the 15 June 2023 (until the 1 June 2024) qualifying loans (submitted within one year) will attract a margin of 0.40% above Gilts which is a discount of 0.60% below the published PWLB rates.

- 3.13 The Council is benefitting from continually exploring opportunities to subsidise schemes and reduce the HRAs borrowing requirements. For example, the council was the first registered provider to receive funding from the new Homes England Regeneration fund which has reduced the borrowing for the North Taunton Woolaway project by £5m.
- 3.14 **Capital Programme Forecasts:** Engaging with Contractors at all tiers continues to be very challenging, therefore the risk to the capital programme and forecast costs should be considered. The labour and materials market are still in short supply, with Contractors unable to resource both tenders being issued on projects on site. As such, competition in the market is more limited than it has been for some time.
- 3.15 The cost pressure created by inflation, the liquidation of a number of contractors, logistics challenges and the general acceleration to get projects to site, is causing previous fixed price contracts to be re-appraised within a matter of months of a successful tender. This could move schemes to the limits of viability. The resulting impact of this cost pressure is resulting in Tier One (larger scale) Contractors often turning down tender opportunities unless an inflation clause (requiring the Client to take the risk of inflation), is included in Contracts, whilst smaller Contractors are withdrawing tenders after submission or operating on such a small margin as to put them at risk of failure. The service has successfully procured a greater number of smaller contractors to deliver Kitchens and Bathrooms and is seeking to procure mid-range contractors for future development schemes. In addition, recent contracts for demolition are showing some market improvements for the service.
- 3.16 There is no question that the cost of maintenance and construction has significantly increased over the past two years. The forecast tender price inflation market appears to be at a turning point as inflation and demand pressures fall. This may see new opportunities during the tendering of works however the baseline is significantly higher than 2021/2022. The material price index in January 2023 increased by 10.4% (All Words) which was slightly down on previous months. Tender price inflation appears to be dropping to around 3% in 2023 compared to 3.75% in 2022. Although the Housing Revenue Account is sufficiently robust the ability to deliver works will in part relate to the solvency of contractors and their ability to manage the economic environment.
- 3.17 **Recruitment:** There are a number of vacancies across the Council and assumptions have been made as to when these vacancies will be filled. The Council is experiencing recruitment issues (as seen country-wide) therefore assumptions and forecasts may change, in addition to higher agency costs to cover roles where permanent recruitment is not successful.

3.18 **Cost of living crisis, Welfare Reform and Universal Credit (UC):** The impacts of these are significant with the number and value of rent accounts in arrears expected to increase considerably, albeit we have managed to contain this to date. Several mitigations are already in place to help support tenants affected particularly by the rising cost of living such as debt advice, access to discretionary housing payments and an arrears management team with redesigned workflow processes and the introduction of a new VoiceScape system to automatically remind customers of arrears.

Operational Delivery

3.19 **Repairs & Maintenance:** Overall this is a very demand led and reactive service based on the needs of the tenants. There are also a number of uncontrollable variables associated with this service such as the weather (e.g. flooding, cold winters causing burst pipes, roof leaks, etc), condition of properties when returned (e.g., void refurbishments), consumer demand on minor internal / external repairs (e.g., broken door or fence) and the type of repair work required. Market pricing of materials etc can also be volatile with some unit costs increasing in recent years. As such the levels of demand do not always follow a recognisable trend. We therefore caveat the forecasts in these areas to account for fluctuations.

3.20 **Fluctuation in demand for services:** We operate many demand-led services and the levels of demand do not always follow a recognisable trend, which may lead to fluctuations in costs and income compared with current forecasts. We have certainly seen an increase in demand for tenancy management support for complex cases, often related to poor mental health, which brings additional costs to the service. Regulatory change is increasing the landlords need to improve access to the service and by its nature increase demand. Increase in demand can often be a positive in terms of maintenance as early intervention can limit damage and save costs to the landlord.

3.21 **HRA Service Level Agreements with the new unitary council:** As the Housing Revenue Account comes together as one account there is an opportunity to review and formally agree the service level agreements which helps the landlord functions operate through the purchase of General Fund skills. For example, finance, human resources, business support, governance, etc. The in-house landlord is looking at all its services in order to secure appropriate resources from within its own structure or through other Council directorates. It is envisaging the new Service Level Agreements will allow the landlord and HRA strategic business team to better meet the challenges as a highly regulated social landlord.

Technical Accounting Risks

- 3.22 **Bad Debt Provision:** The budgeted bad debt provision of £147k provides financial capacity for any increase in arrears and / or aging debt from one year to the next as well as any in-year write offs. This is a year-end technical accounting adjustment. The key challenges facing the arrears position are the pressures to maximise rental income in an environment of reduced government support and greater need to utilise internal resources; the 'cost of living crisis' marked by reductions in real income accompanied by increases in utility, fuel costs and food prices; welfare reforms which have made extensive use of sanctions and reductions in eligibility; and the impact of the COVID pandemic. Homes in Sedgemoor have excelled at managing income and are currently in the top ten social housing landlord nationally. The in-house service does not compare as well but is still performing within the top quartile industry standard. Income generation and managing debt is being elevated in importance for the service and new software is being introduced to support this critical work.
- 3.23 The approaches incorporated at the Council to aid the HRA's enforcement of debt and support to tenants include providing direct welfare benefit advice and support; facilitating access to employment and training, support and advice; facilitating access to debt prevention support; and opportunities for flexible rent payment.
- 3.24 **Unitary Council:** The landlord functions have transitioned well into the new authority. The challenges since April have been working with new financial systems, learning other corporate software such as risk management software and working to procedures such as those in relation to recruitment and governance. It is currently unknown what the potential HRA costs will be and whether revenue costs including costs associated with staff movements due to uncertainty/feeling of insecurity, additional reliance on agency staff to fill vacancies in the short term, rebranding vehicle, offices and PPE have been impacted. From a capital perspective the business plan does provide some headroom to allow non-right to buy receipts to be used as flexible capital receipts to fund transformation costs. Revenue costs of implementation are not currently budgeted and will place additional pressures on the HRA budget and reserves, thus we will need to review planned expenditure and reserves during the business planning process in 2023/24.
- 3.25 **Forecasting Assumptions:** It is conceivable that, whilst budget holders are optimistic that they will spend all their budget, experience shows that variances are more accurate in the last quarter of the financial year. The pace of spending may also reduce as capacity and delivery of priorities is affected by local government structural change.

3.26 **Year-end Adjustments:** There are certain items that are not determined or finalised until the financial year-end. For example, the final assessment of provisions required for bad debts and final allocations of support service recharges, as well as the year end capital financing requirement impacting net interest payable. These can result in potentially significant differences to current forecasts.

4 Partnership Implications

4.1 A range of HRA services are provided through partnership arrangements such as MIND, citizen's advice, etc. The cost of these services is reflected in the Council's financial outturn position for the year. The Housing Revenue Account is increasingly having to question the funding of services outside its core service.

5 Scrutiny Comments / Recommendations

5.1 This report will be considered by Corporate and Resources Scrutiny on 5 December 2023. A summary of the comments and recommendations discussed will be provided here (or a verbal update) for the Executive to consider on 6 December 2023.

6 Background and Full details of the Report

6.1 The Housing Revenue Account (HRA) is a ring-fenced, self-financing, account used to manage the Council's housing stock, with the Council acting as the Landlord. This has been the case since April 2012 where, under the Localism Act 2011, the government abolished the national subsidy system (which required an annual payment from the HRA to Central Government) and introduced 'self-financing'. This new system enabled Councils to retain all rental income to fund the costs of managing and maintaining the housing stock, as well as meeting the interest payments and repayment of debt. As part of the self-financing agreement, Councils had to buy themselves out of the subsidy system by making a one-off payment to the Government. The debt taken in 2012 was a total of £133m; £85.198m for the Taunton Deane Borough Council legacy authority and £47.321m for the Sedgemoor District Council legacy authority.

6.2 Self-financing does bring financial benefits and more flexibility, especially since the borrowing cap was removed in October 2018, however the HRA is still heavily regulated. For example, rent increases are restricted by the Regulator of Social Housing's Rent Standard, there are specific regulations which govern eligible income and expenditure to prevent cross subsidy with the General Fund, as well as the decent homes standards that stipulate the conditions of properties.

6.3 The new unitary Somerset Council has inherited two landlord operating models which

now sit under one Housing Revenue Account. The two landlord operating models are an in-house service in the West, formerly Somerset West and Taunton (SWT), and Homes in Sedgemoor which is an Arm's Length Management Organisation (ALMO) operating in the North, formerly Sedgemoor District Council (SDC). The combined total dwelling stock as at 1 April 2023 is 9,665 (5,653 from SWT and 4,012 from SDC). In addition to this we have 599 leasehold properties (489 from SWT and 110 from SDC).

- 6.4 The Council's two operating models which deliver the landlord functions will continue to operate as they did previously however there are various transitional projects taking place which will enable the Council to compare the two models like for like. These transitional projects will also allow the Council's in-house service and Homes in Sedgemoor to learn from one another. The transitional programme will also recognise the opportunity to enhance the Council's strategic Housing Revenue Account responsibilities. This will allow the council to be a better client to the arm's length service and its own in-house service. The transition will see appropriate resources at landlord function level and at the strategic level allowing the in-house and Homes in Sedgemoor landlord service to be ambitious in delivering great and improving services to customers and allow the Council to make strategic decisions in relation to stock investment, growth, rent setting, zero carbon homes and administering its statutory and regulatory responsibilities. Following a period of transition, the Council will be able to turn toward an option appraisal of its stock and operating models.
- 6.5 The regular monitoring of financial information is a key element in the Council's HRA Performance Management Framework. Crucially it enables remedial action to be taken in response to significant budget variances, some of which may be unavoidable. It also provides the opportunity to assess any consequent impact on reserves and the HRA's Medium Term Financial Plan and 30-Year Business Plan.
- 6.6 Members are to note that the position can change between 'in-year' projections and the final outturn position, mainly due to demand-led service costs and income levels and where actual costs and income can vary from initial estimates and assumptions. The budget monitoring process involves a detailed review of the more volatile budgets and a proportionate review of low risk/low volatility budget areas. Budget Holders, with support and advice from their finance business partner, update their forecasts monthly based on currently available information and knowledge of service requirements for the remainder of the year. As with any forecast there is always a risk that some unforeseen changes could influence the position at the year-end, and several risks and uncertainties are highlighted within this report. However, the following forecast is reasonable based on current information.

7 HRA Revenue Budget 2023/24 Forecast Outturn

- 7.1 This report provides the Housing Revenue Account (HRA) forecast end of year financial position for revenue and capital expenditure as at 30 September 2023.
- 7.2 The current year end forecast outturn position for the HRA for 2023/24 is an overspend against budget of £2.074m. The table below summarises the approved revenue budget for the combined HRA for 2023/24, with more detail found in **Appendix A**. Variances over £50k are explained below.

Table 1: HRA Revenue Outturn Summary

	Current Budget	Forecast Outturn	Forecast Variance	
	£000	£000	£000	%
Gross Income	-51,115	-50,949	166	1.1%
Service Expenditure	29,578	31,487	1,909	6.5%
Other Expenditure	21,537	21,537	0	0.0%
Total	0	2,074	2,074	7.6%

Income

- 7.3 **Dwelling Rent Income:** The combined budgeted income for 2023/24 is £45.2m, which reflects an assumption of an average 2% void loss and applying a 52-week year. The outturn position for dwelling rent income is an under recovery against budget of c.£114k which is in part due to timings of RTB sales and stock changes for social housing development schemes, as well as higher levels of voids especially in temporary accommodation stock. A Void Improvement Plan was presented to the Housing Senior Management Team in November which focuses on bringing average void times down. Discussions are ongoing with Adults Social Care to improve the number and quality of referrals for Extra Care Housing which should also reduce voids, and work is taking place with the Homeless Service to bring more capacity onto proactively tackling temporary accommodation voids. The forecast includes £108,102 of write offs during the year (£25,256 on current tenancies and £82,846 on former tenancies).
- 7.4 **Non-Dwelling Rents:** The combined budgeted income for 2023/24 is £1.3m and includes garages, shops and land access. The outturn position is an under recovery of £41k primarily due to lower garage rent income. This is due to an increase in vacancies of around 30 this year due to tenants and private garage renters handing back their garages, to reduce costs and as space is no longer required. A further 13 garages have been emptied to allow development at Wordsworth Drive. We know that there is a surplus of garages within our stock compared to demand and we will look for further development

opportunities.

- 7.5 **Charges for Services / Facilities:** The combined budgeted income of £3.4m for 2023/24 includes (a) £1.700m for the Service Charge Income for Dwellings (after discounts have been applied to tenants such as Piper Charge to Sheltered Housing and Extra Care) less an average 2% void loss and applying a 52-week year, (b) £150k for Leaseholder Charges for Services, and (c) £3k for Meeting Halls.
- 7.6 The Leaseholder Charges for Services is forecasting an under recovery of income of £78k. The leaseholders are invoiced a year in arrears. The number of routine repairs undertaken were lower last year than anticipated. In addition, the delivery of major repairs has been delayed due to surveys at the blocks not yet been completed and / or works not been completed at blocks where leaseholders' own properties, as well as leaseholders being capped at £250 due to section 20 notices not served in time. Looking forwards, Section 20 consultations are being held with all leaseholders for the major works planned for the next 3-5 years to ensure full cost recovery.

Expenditure

- 7.7 **Maintenance:** This overspend relates to the responsive repairs service and void repairs service which is undertaken to ensure our Lettable Standard is met before reletting. These are very demand led and reactive areas, particularly with void costs influenced by the condition of the properties being returned for reletting. Both of these service areas are experiencing an increase in cost pressures as inflation drives up the cost of construction materials (as seen nationally), and additional volumes of work (approximately 22% increase YTD for this financial year compared to the same period last year for voids, and approximately 31% for responsive repairs).
- 7.8 There are a number of activities being undertaken to seek to mitigate additional spend, including an in-house initiative called the "Leaving Well" scheme which aims to work with and support the tenants to leave their homes in a suitable manner to reduce the time and cost of work then required on void properties before reletting, a procurement exercise to test the market for external contractor support for void repairs, and a comprehensive review of budget cost allocation to ensure all works that can be appropriately capitalised are assigned to a capital budget. Whilst there is currently a predicted year-end overspend of c.£1.8m, it is anticipated that once the focussed activity being undertaken as detailed above is completed this will significantly reduce this figure.

8 Capital Programme

8.1 The Housing Revenue Account (HRA) Capital Programme for 2023/24 onwards is £122.606m as summarised in the table below and further detail provided in **Appendix B**. This consists of £32.208m of new schemes approved for 2023/24 by Full Council on 22 February 2023 plus £90.397m of previously approved schemes in prior years that have been approved to be carried forward by Full Council on 27 September 2023.

Table 2: Summary of HRA Capital Programme Approved Budget for 2023/24

	2022.23 Slippage Budget	2023.24 Approved Budget	2023.24 Total Budget
	£000	£000	£000
Majors & Improvements	5,507	22,206	27,712
Social Housing Development	84,891	10,003	94,893
Total	90,397	32,208	122,606

8.2 Approval for a supplementary capital budget of £3,313,829 (in addition to the current budget of £150,000 plus carry forward of £373,671) for the in-house HRA to spend on essential fire safety works following Fire Risk Assessments (FRAs) to general needs, sheltered and extra-care schemes is pending approval by Full Council on 20 December 2023. This is not currently shown in the figures above.

8.3 The Council plans to finance this investment through the Major Repairs Reserve, Capital Receipts, Capital Grants, Revenue Funding and Borrowing (see **Appendix C**).

8.4 The HRA Capital Programme relates to in-year works and longer-term schemes that will be completed over the next eight years. The current planned profiled spend is summarised in **Appendix D**. The budget has been profiled to reflect the estimated timing of costs for the approved schemes, with £45.851m profiled to be spent in 2023/24 with the balance of £76.755m projected forward into future years.

8.5 Information on what the HRA capital programme plans to deliver during 2023/24 can be found below and its financial performance to date against this financial year can be found in **Appendix D**. The current forecast outturn is £40.759m. The programme will underspend against profiled budget for 2023/24 by £5.091m; £4.391m slipping into subsequent years and a budget of £700k being returned.

8.6 The net slippage of £4.391m relates to the in-house service major works and improvement programme caused by an underspend of £5.436m on Major Works due to on-site contractor programme delays in delivery, and contractor capacity to enable prompt commencement of programmes following mobilisation meetings. This has been

partially offset by an overspend of £976k on essential fire safety works.

- 8.7 The budget return of £700k relates to strategic contingent budget of which £500k was for the purchase of properties (ALMO) and £200k for transformation costs (in-house); both are no longer required.

Major Works and Improvement:

- 8.8 The two operating models both aim to maintain homes to the decent home's standard enhance the thermal comfort of tenants by moving towards 2030 and 2050 standards.
- 8.9 The 2023/24 capital programme includes major programmes such as kitchens, bathrooms, heating improvements, insulation and ventilation, door entry systems, external doors, fasciae and soffits, roofing and windows.
- 8.10 The two operating models have previously placed slightly different emphasis on different aspects of major works however under one Housing Revenue Account decent homes, low carbon living, stock sustainability and block investment can be approached more consistently. Both organisations have been successful at being awarded grant for low carbon works and combined bids and programmes will be encouraged.

Social Housing Development Programme:

- 8.11 The Homes in Sedgemoor and in-house functions both have a social housing development programme of works, which increases stock through a combination of acquisitions from the open market and / or building new homes.
- 8.12 The Right To Buy (RTB) scheme is a government scheme that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. During 2022/23 the Council sold 50 properties (SWT 28 and SDC 22). The Council estimates that on average 55 properties will be sold each year through the Right to Buy Scheme. Therefore, growth in our housing stock is vital to replace stock and attempt to ensure Somerset has more affordable homes to meet the increasing demand.
- 8.13 The business planning process shortly to conclude will align what were diverse development approaches of the two organisations into one pipeline compatible with the strategic needs of the Council and within HRA business plan affordability assumptions. The period 2023/2024 to 2025/2026 are set to see over 300 new HRA affordable homes. The HRA has started aligning its growth ambitions with opportunities to deliver homes on behalf of the Council especially for vulnerable customers. The landlords are

purchasing for displaced persons and building and purchasing properties to support the General Fund homelessness challenges. The HRA 30-Year Business Plan considers the cost of growth alongside the many other service needs. In practice compliance and regulation always remain the first priority and the HRA must work hard to retain development programmes.

9 HRA Earmarked Reserves

9.1 The Housing Revenue Account (HRA) Earmarked Reserves at the beginning of 2023/24 totalled £258k (see Table 3 below). These have been carried forwards from Somerset West and Taunton. There were none held by Sedgemoor District Council.

9.2 Earmarked reserves are set aside for a specific purpose and are reviewed on a regular basis. These funds have been earmarked to be spent within the next two years.

Table 3: Earmarked Reserves Balances

Description	Opening Balance 01/04/2023 £000	Transfers £000	Projected Balance 31/3/2024 £000
Hinkley – Community Grants	130	0	130
Climate Change Grant - Electric Vehicles	77	0	77
Hinkley – Home Moves Plus Grant	34	0	34
Tenant Satisfaction Grant	17	0	17
Total	258	0	258

10 HRA Unearmarked Reserves

10.1 The Housing Revenue Account (HRA) Unearmarked Reserves opening balance of £13.699m stands above the recommended minimum balance of £3.722m and provides ongoing financial resilience and mitigation for unbudgeted financial risks.

10.2 The recommended minimum balance for the combined HRA is £3,722,400 and is equates to approximately 7.3% of gross income and £385 per property.

10.3 As part of the budget setting proposals to Full Council on 22 February 2023, £1.650m of current reserves will be used to support the base budget in 2023/24. Further approved (or proposed) allocations to / from Unearmarked Reserves are shown in the table below.

Table 4: HRA Unearmarked Reserves Balance

	Approval	£000
Balance Brought Forward 1 April 2023		
From Sedgemoor District Council		10,713
From Somerset West and Taunton		2,986
Total Balance Brought Forward 1 April 2023		13,699
Budgeted Contribution to support base budget 2023/24	FC – Feb23	-1,650
Current Balance		12,049
Forecast: 2023/24 Projected Overspend		-2,074
Projected Balance 31 March 2024		9,975
Recommended Minimum Balance		3,722
Projected Balance above Minimum Reserve Balance		6,253

- 10.4 The current outturn position is forecast to be a net overspend of £2.074m. If the forecast outturn position does not improve, the deficit will reduce reserve balances to £9.975m, which is £6.253m above the recommended minimum balance of £3.722m.
- 10.5 It is essential that control on spending for the remainder of the year continues to reduce the forecast overspend and maintain adequate reserves. It is vital that costs are managed within annual income totals to ensure ongoing affordability of services. Management must take the necessary steps to control costs and manage risk to ensure financial resilience is maintained.

Background Papers

HRA Budget Setting Report – Full Council 22 February 2023

HRA Outturn Report – 27 September 2023

List of Appendices

Appendix A	Housing Revenue Account (HRA) Approved Budget for 2023/24
Appendix B	Approved Capital Budget
Appendix C	Capital Financing of Total Approved Budget
Appendix D	Annual Profiling of Approved Capital Budget
Appendix E	Profiled Capital Budget for 2023/24 Vs Forecast Capital Outturn for 2023/24

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	21.11.2023
Communications	Peter Elliott	17.11.2023
Finance & Procurement	Nicola Hix	28.11.2023
Workforce	Alyn Jones	28.11.2023
Asset Management	Oliver Woodhams	21.11.2023
Executive Director / Senior Manager	Chris Hall / Jason Vaughan	
Strategy & Performance	Alyn Jones	23.11.2023
Executive Lead Member	Cllr Federica Smith / Cllr Liz Leyshon	28.11.2023 / 28.11.2023
Consulted:	Councillor Name	
Local Division Members		
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition	Sent 28.11.2023

	Spokesperson for Resources and Performance	
	Cllr Andy Dingwall Opposition Spokesperson for Communities, Housing and Culture	Sent 28.11.2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Sent 28.11.2023
	Cllr Gwil Wren, Chair - Scrutiny Communities Committee	Sent 28.11.2023

Appendix A: Housing Revenue Account (HRA) Approved Budget for 2023/24

	In-House	ALMO	Combined							A/(F)
	Approved Budget	Approved Budget	Original Budget	Current Budget	Full Year Projection	Month 6 Variance		Month 3 Variance		
	£m	£m	£m	£m	£m	£m	%	£m	%	
Income										
Dwelling Rents	(27.1)	(18.0)	(45.2)	(45.2)	(45.07)	0.114	0.3%	0.0	0.0%	A
Non Dwelling Rents	(0.7)	(0.6)	(1.3)	(1.3)	(1.31)	(0.015)	-1.1%	0.0	0.0%	F
Charges for Services / Facilities	(1.9)	(1.5)	(3.4)	(3.4)	(3.30)	0.067	2.0%	0.0	0.0%	A
Contributions Towards Expenditure	(0.2)	(1.1)	(1.3)	(1.3)	(1.27)	0.000	0.0%	0.0	0.0%	-
	(29.9)	(21.2)	(51.1)	(51.1)	(50.95)	0.166	1.1%	0.0	0.0%	A
Expenditure										
Repairs and Maintenance	8.7	4.4	13.1	13.1	14.92	1.80	13.7%	0.0	0.0%	A
Supervision and Management	4.1	5.2	9.2	9.2	9.35	0.11	1.1%	0.0	0.0%	A
Special Services	1.6	1.3	2.9	2.9	2.94	0.00	0.0%	0.0	0.0%	-
Rents, Rates, Taxes and Other Charges	0.2	0.7	0.8	0.8	0.84	0.00	0.0%	0.0	0.0%	-
Central Recharges (to / from the General Fund)	3.2	0.2	3.4	3.4	3.43	0.00	0.0%	0.0	0.0%	-
	17.8	11.8	29.6	29.6	31.487	1.91	6.5%	0.0	0.0%	A
Other Operating Income and Expenditure										
Interest Payable	3.3	2.5	5.8	5.8	5.79	0.00	0.0%	0.0	0.0%	-
Interest Receivable	0.0	(0.3)	(0.3)	(0.3)	(0.25)	0.00	0.0%	0.0	0.0%	-
Change in Provision for Bad Debts	0.1	0.0	0.1	0.1	0.15	0.00	0.0%	0.0	0.0%	-
Depreciation	9.1	7.3	16.3	16.3	16.34	0.00	0.0%	0.0	0.0%	-
Capital Financing	0.0	1.2	1.2	1.2	1.16	0.00	0.0%	0.0	0.0%	-
Movement in Reserves	(0.4)	(1.3)	(1.6)	(1.6)	(1.65)	0.00	0.0%	0.0	0.0%	-
	12.1	9.4	21.5	21.5	21.54	0.00	0.0%	0.0	0.0%	-
Net Surplus(-) / Deficit for the Year	0.0	0.0	0.0	0.0	2.07	2.07	7.6%	0.0	0.0%	A

Appendix B: HRA Approved Capital Budget

HRA Capital Programme	Prior Year Slippage	Current Year Approval Feb 2022 Budget Setting for 2022/23	Total Approved Budget	Current year Virements	Current Year Supplements	Current Year Returns	Revised Current Year Approved Capital Budget	Pipeline Pending Approval	Provisional Capital Budget 22/23
Major Works	3,199,366	10,867,970	14,067,336	0	0	0	14,067,336	0	14,067,336
Fire Safety	373,671	150,000	523,671	0	0	0	523,671	3,313,829	3,837,500
Related Assets	-	50,000	50,000	0	0	0	50,000	0	50,000
Exceptional & Extensive	-	300,000	300,000	0	0	0	300,000	0	300,000
Vehicles	-	-	-	0	0	0	0	0	0
ICT & Transformation	85,138	210,000	295,138	0	0	0	295,138	0	295,138
Aids & Adaptations & DFGs	-	370,000	370,000	0	0	0	370,000	0	370,000
Sub-Total Majors & Improvements	3,658,175	11,947,970	15,606,145	0	0	0	15,606,145	3,313,829	18,919,974
Social Housing Development	82,191,096	-	82,191,096	0	0	0	82,191,096	0	82,191,096
Total In-House HRA	85,849,271	11,947,970	97,797,241	0	0	0	97,797,241	3,313,829	101,111,070
Major Works	1,718,969	9,856,810	11,575,779	0	0	0	11,575,779	0	11,575,779
Fire Safety	129,600	-	129,600	0	0	0	129,600	0	129,600
Related Assets	-	-	-	0	0	0	0	0	0
Exceptional & Extensive	-	-	-	0	0	0	0	0	0
Vehicles	-	-	-	0	0	0	0	0	0
ICT & Transformation	-	-	-	0	0	0	0	0	0
Aids & Adaptations & DFGs	-	400,740	400,740	0	0	0	400,740	0	400,740
Sub-Total Majors & Improvements	1,848,569	10,257,550	12,106,119	0	0	0	12,106,119	0	12,106,119
Social Housing Development	2,699,654	10,002,510	12,702,164	0	0	0	12,702,164	0	12,702,164
Total ALMO HRA	4,548,223	20,260,060	24,808,283	0	0	0	24,808,283	0	24,808,283
Major Works	4,918,335	20,724,780	25,643,115	0	0	0	25,643,115	0	25,643,115
Fire Safety	503,271	150,000	653,271	0	0	0	653,271	3,313,829	3,967,100
Related Assets	-	50,000	50,000	0	0	0	50,000	0	50,000
Exceptional & Extensive	-	300,000	300,000	0	0	0	300,000	0	300,000
Vehicles	-	-	-	0	0	0	0	0	0
ICT & Transformation	85,138	210,000	295,138	0	0	0	295,138	0	295,138
Aids & Adaptations & DFGs	-	770,740	770,740	0	0	0	770,740	0	770,740
Sub-Total Majors & Improvements	5,506,744	22,205,520	27,712,264	0	0	0	27,712,264	3,313,829	31,026,093
Social Housing Development	84,890,750	10,002,510	94,893,260	0	0	0	94,893,260	0	94,893,260
Total HRA	90,397,494	32,208,030	122,605,524	0	0	0	122,605,524	3,313,829	125,919,353

Appendix C: HRA Capital Financing of Total Approved Budget

HRA Capital Programme	TOTAL CAPITAL FINANCING	Capital Grant - Section 106	Capital Grants - Homes England	Capital Grant - Other	Capital Receipts	HRA Revenue Contribution	Major Repairs Reserve	Right To Buy (RTB) Capital Receipts	Borrowing
Major Works	14,067,336	-	-	1,000,000	-	-	13,067,336	-	-
Fire Safety	523,671	-	-	-	-	-	523,671	-	-
Related Assets	50,000	-	-	-	-	-	50,000	-	-
Exceptional & Extensive	300,000	-	-	-	-	-	300,000	-	-
Vehicles	-	-	-	-	-	-	-	-	-
ICT & Transformation	295,138	-	-	-	200,000	-	95,138	-	-
Aids & Adaptations & DFGs	370,000	-	-	-	-	-	370,000	-	-
Sub-Total Majors & Improvements	15,606,145	-	-	1,000,000	200,000	-	14,406,145	-	-
Social Housing Development	82,191,096	-	5,040,588	-	-	-	-	18,990,787	58,159,720
Total In-House HRA	97,797,241	-	5,040,588	1,000,000	200,000	-	14,406,145	18,990,787	58,159,720
Major Works	11,575,779	-	-	-	-	1,163,410	10,412,369	-	-
Fire Safety	129,600	-	-	-	-	-	129,600	-	-
Related Assets	-	-	-	-	-	-	-	-	-
Exceptional & Extensive	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
ICT & Transformation	-	-	-	-	-	-	-	-	-
Aids & Adaptations & DFGs	400,740	-	-	-	-	-	400,740	-	-
Sub-Total Majors & Improvements	12,106,119	-	-	-	-	1,163,410	10,942,709	-	-
Social Housing Development	12,702,164	112,000	2,472,450	-	-	-	-	1,688,349	8,429,365
Total ALMO HRA	24,808,283	112,000	2,472,450	-	-	1,163,410	10,942,709	1,688,349	8,429,365
Major Works	25,643,115	-	-	1,000,000	-	1,163,410	23,479,705	-	-
Fire Safety	653,271	-	-	-	-	-	653,271	-	-
Related Assets	50,000	-	-	-	-	-	50,000	-	-
Exceptional & Extensive	300,000	-	-	-	-	-	300,000	-	-
Vehicles	-	-	-	-	-	-	-	-	-
ICT & Transformation	295,138	-	-	-	200,000	-	95,138	-	-
Aids & Adaptations & DFGs	770,740	-	-	-	-	-	770,740	-	-
Sub-Total Majors & Improvements	27,712,264	-	-	1,000,000	200,000	1,163,410	25,348,854	-	-
Social Housing Development	94,893,260	112,000	7,513,038	-	-	-	-	20,679,136	66,589,085
Total HRA	122,605,524	112,000	7,513,038	1,000,000	200,000	1,163,410	25,348,854	20,679,136	66,589,085

Appendix D: HRA Annual Profiling of Approved Capital Budget

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HRA Capital Programme	Total Approved Budget	Planned Capex 2023/24	Planned Capex 2024/25	Planned Capex 2025/26	Planned Capex 2026/27	Planned Capex 2027/28	Planned Capex 2028/29	Planned Capex 2029/30	Planned Capex 2030/31
Major Works	14,067,336	14,067,336	0	0	0	0	0	0	0
Fire Safety	523,671	523,671	0	0	0	0	0	0	0
Related Assets	50,000	50,000	0	0	0	0	0	0	0
Exceptional & Extensive	300,000	300,000	0	0	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	0	0
ICT & Transformation	295,138	295,138	0	0	0	0	0	0	0
Aids & Adaptations & DFGs	370,000	370,000	0	0	0	0	0	0	0
Sub-Total Majors & Improvements	15,606,145	15,606,145	0	0	0	0	0	0	0
Social Housing Development	82,191,096	9,438,477	14,249,899	18,434,353	12,774,879	8,927,976	8,725,275	8,016,150	1,624,087
Total In-House HRA	97,797,241	25,044,622	14,249,899	18,434,353	12,774,879	8,927,976	8,725,275	8,016,150	1,624,087
Major Works	11,575,779	11,575,779	0	0	0	0	0	0	0
Fire Safety	129,600	129,600	0	0	0	0	0	0	0
Related Assets	0	0	0	0	0	0	0	0	0
Exceptional & Extensive	0	0	0	0	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	0	0
ICT & Transformation	0	0	0	0	0	0	0	0	0
Aids & Adaptations & DFGs	400,740	400,740	0	0	0	0	0	0	0
Sub-Total Majors & Improvements	12,106,119	12,106,119	0	0	0	0	0	0	0
Social Housing Development	12,702,164	8,699,918	4,002,246	0	0	0	0	0	0
Total ALMO HRA	24,808,283	20,806,037	4,002,246	0	0	0	0	0	0
Major Works	25,643,115	25,643,115	0	0	0	0	0	0	0
Fire Safety	653,271	653,271	0	0	0	0	0	0	0
Related Assets	50,000	50,000	0	0	0	0	0	0	0
Exceptional & Extensive	300,000	300,000	0	0	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	0	0
ICT & Transformation	295,138	295,138	0	0	0	0	0	0	0
Aids & Adaptations & DFGs	770,740	770,740	0	0	0	0	0	0	0
Sub-Total Majors & Improvements	27,712,264	27,712,264	0	0	0	0	0	0	0
Social Housing Development	94,893,260	18,138,395	18,252,145	18,434,353	12,774,879	8,927,976	8,725,275	8,016,150	1,624,087
Total HRA	122,605,524	45,850,659	18,252,145	18,434,353	12,774,879	8,927,976	8,725,275	8,016,150	1,624,087

Appendix E: HRA Profiled Capital Budget for 2023/24 Vs Forecast Capital Outturn for 2023/24

HRA Capital Programme	Profiled Capex Budget 2023/24	Expenditure YTD	% Spend	Forecast Outturn 2023/24	Variance; - underspend + overspend	- Slippage c/f	In Year - Underspend + Overspend
Major Works	14,067,336	1,943,377	14%	8,631,014	(5,436,322)	(5,436,322)	0
Fire Safety	523,671	783,699	150%	1,500,000	976,329	976,329	0
Related Assets	50,000	0	0%	110,000	60,000	60,000	0
Exceptional & Extensive	300,000	49,740	17%	300,000	0	0	0
Vehicles	0	0	0%	0	0	0	0
ICT & Transformation	295,138	7,512	3%	95,138	(200,000)	0	(200,000)
Aids & Adaptations & DFGs	370,000	121,878	33%	370,000	0	0	0
Sub-Total Majors & Improvements	15,606,145	2,906,207	19%	11,006,152	(4,599,993)	(4,399,993)	(200,000)
Social Housing Development	9,438,477	3,978,155	42%	9,438,477	0	0	0
Total In-House HRA	25,044,622	6,884,362	27%	20,444,629	(4,599,993)	(4,399,993)	(200,000)
Major Works	11,575,779	3,671,611	32%	11,575,779	0	0	0
Fire Safety	129,600	1,604,102	1238%	129,600	0	0	0
Related Assets	0	0	0%	0	0	0	0
Exceptional & Extensive	0	0	0%	0	0	0	0
Vehicles	0	0	0%	0	0	0	0
ICT & Transformation	0	0	0%	0	0	0	0
Aids & Adaptations & DFGs	400,740	70,350	18%	400,740	0	0	0
Sub-Total Majors & Improvements	12,106,119	5,346,063	44%	12,106,119	0	0	0
Social Housing Development	8,699,918	5,966,187	69%	8,208,577	(491,341)	8,659	(500,000)
Total ALMO HRA	20,806,037	11,312,250	54%	20,314,696	(491,341)	8,659	(500,000)
Major Works	25,643,115	5,614,988	22%	20,206,793	(5,436,322)	(5,436,322)	0
Fire Safety	653,271	2,387,802	366%	1,629,600	976,329	976,329	0
Related Assets	50,000	0	0%	110,000	60,000	60,000	0
Exceptional & Extensive	300,000	49,740	17%	300,000	0	0	0
Vehicles	0	0	0%	0	0	0	0
ICT & Transformation	295,138	7,512	3%	95,138	(200,000)	0	(200,000)
Aids & Adaptations & DFGs	770,740	192,228	25%	770,740	0	0	0
Sub-Total Majors & Improvements	27,712,264	8,252,270	30%	23,112,271	(4,599,993)	(4,399,993)	(200,000)
Social Housing Development	18,138,395	9,944,342	55%	17,647,055	(491,341)	8,659	(500,000)
Total HRA	45,850,659	18,196,612	40%	40,759,326	(5,091,334)	(4,391,334)	(700,000)

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Decision Report - Executive



Decision Date – 6 December 2023

Forward Plan Ref - FP/23/10/03

Key Decision – no

Corporate Performance Management Report Q2 2023/2024

Executive Member(s): Cllr Liz Leyshon, Deputy Leader and Lead Member for Resources and Performance

Local Member(s) and Division: All

Lead Officer: Alyn Jones – Executive Director Strategy, Workforce and Localities

Author: Sara Cretney – Service Director Strategy and Performance

Contact Details: sara.cretney@somerset.gov.uk or performance@somerset.gov.uk

Background

1. This report outlines the performance of Somerset Council for quarter two (Q2) of the financial year 2023/2024 against a set of operational indicators for each Executive Directorate.
2. The operational indicators form part of an interim approach agreed by Executive at their meeting on 13/02/2023, pending the development and adoption of a Business Plan for the Council. The Business Plan, which will be developed post budget setting in Spring 2024 will set out the detailed activities being undertaken to deliver the Council Plan and will form the basis of performance reporting going forward.

Summary

3. For Q2 of this financial year a further 9 indicators and 16 RAG ratings have been added to this performance report bringing the total to 110 indicators. Over the transition period for the new Council, the number of indicators will continue to increase and the approach to performance management will evolve and develop as more teams, services, budgets, and systems are aligned.
4. Where there are currently limited or no indicators for a service area, it is because service alignment and transition is taking shape and/or the

indicators are complex and challenging to merge into a single measure for the whole of Somerset Council. Work is underway to further develop tolerance and targets for indicators as part of the development of the performance management approach.

5. Table 1 below summarises performance against current set of indicators.

Directorate	No of KPIs	KPIs with RAG	Red			Amber			Green		
			Q1	Q2	Travel	Q1	Q2	Travel	Q1	Q2	Travel
Public Health	6	5	0	0	N/A	60% (3)	60% (3)	→	40% (2)	40% (2)	→
Childrens Services	40	25 (15 in Q1)	40% (6)	36% (9)	↑	33% (5)	52% (13)	↓	27% (4)	12% (3)	↓
Adults Services	8	8	12.5% (1)	25% (2)	↓	12.5% (1)	12.5% (1)	→	75% (6)	62.5% (5)	↓
Community Services	18 (17 in Q1)	13 (11 in Q1)	18% (2)	46% (6)	↓	27% (3)	16% (2)	↓	55% (6)	38% (5)	↓
Climate & Place	19 (17 in Q1)	0	0	0	N/A	0	0	N/A	0	0	N/A
Strategy, Workforce & Localities	14 (12 in Q1)	2	0	0	N/A	100% (2)	50% (1)	↑	0	50% (1)	N/A
Resources & Corporate Services	5 (1 in Q1)	4 (0 in Q1)	0	0	N/A	0	25% (1)	N/A	0	75% (3)	N/A
Total	110 (101 in Q1)	57 (41 in Q1)	22% (9)	30% (17)	↓	34% (14)	37% (21)	↓	44% (18)	33% (19)	↓

Table 1: KPI Summary Table

6. Due to the changes in numbers of measures, and those recording a RAG rating, calculations have been completed using percentages rather than comparing the raw numbers. A broad comparison between Q1 and Q2 of 2023/24 has been provided, but in order to fully understand the direction of travel, please refer to appendix A. Overall, the number of red rated indicators, as a percentage of all indicators has increased. The percentage of indicators rated green has decreased with a reflected increase in the number of indicators recording an amber status.
7. Key issues identified from each Executive Directorate performance outturns for Q2 2023/2024 in appendix A are noted below.
- Public Health
 - a) No performance issues to highlight for Q2 2023/2024.
 - Children and Family Services
 - a) For the data in September the percentage of NEETs and Not Knowns are in a state of flux, until the colleges complete their

enrolment returns at the end of September/beginning of October. SomersetWorks is receiving weekly enrolment data from each of the Colleges and are sending these to our Secondary schools for checking of individual student destinations.

- Adult services
 - a) The number of overdue assessments and reviews continue to remain high and above our desired targets, impacted by rising demand, complexity of need, and ongoing internal workforce capacity pressures which our operational restructuring in part seeks to mitigate.
 - b) Since launching in January 2022, the Adult Social Care Feedback form responses have offered the service valuable insights on the experience of service users and carers, partner colleagues and other key stakeholders, and opportunities for learning and improvement. Whilst performance dipped below target in August and September, this was raised for discussion and oversight at our monthly Practice Quality Board. We anticipate stakeholder satisfaction levels rising again to good levels from October 2023.

- Community Services
 - a) The team are currently carrying some vacancies in Environmental Health this period which is leading to a slight decrease in performance overall.
 - b) Somerset wide fly tipping performance outturns have been included this period. There have been slight performance dips in certain areas across Somerset which are being resolved.
 - c) Performance has been relatively stagnant overall for Homes that do not meet the Decent Homes Standard (DHS). However, the Council has recently undertaken a range of procurement activities and are now entering into contracts, agreeing accelerated programmes with contractors, and have fully staffed the Capital Programme team to enable the required works to be undertaken to increase our DHS compliancy.
 - d) The Out of Hours/Lifeline service performance in September saw a slight dip below the answering within 60 seconds target of 97%.
 - e) Complaints for Somerset Council continue to increase for the second quarter from 987 to 1057. Continue to work with other

services to not only learn from them but also to see how these can be actively reduced as well as undertaking a review of resources in this area.

- Climate and Place
 - a) Highways and Transport: The service continually reviews the trends in the number of people killed and seriously injured (KSI's) in road collisions either with education, enforcement (in liaison with the Police) or engineering. Current outturns represent a 70% drop in KSI's. We have no reason to expect a significant drop, this is likely due to a backlog of collisions from Avon and Somerset Police.
 - b) Planning: The service continues to have a significant workload not included in the returns to government including prior approvals, adverts, trees, and discharge of conditions applications as well as the pre-application advice service.

- Strategy, Workforce and Localities
 - No performance issues to highlight for Q2 2023/2024.

- Resources and Corporate Services
 - a) Business Rates: The position at the end of Q2 2023/2024 indicates a 2.17 percent below target. Work is underway to plan the recommencement of recovery activity in all areas during the remainder of this financial year, which should help to get us back on track with collection.

8. Possible key performance indicators that may be considered for future reporting are listed below. This list is not exhaustive.

- Community Services
 - a) All Leisure and Sports performance outturns are being developed as there is complexity around the various leisure providers data requirements.
 - b) Development of General Fund aspects of housing, homelessness, and housing options.
- Climate and Place

- a) Climate, Environmental and Sustainability service are considering carbon emissions indicators.
- o Resources and Corporate Services
 - a) Procurement and Strategic Asset Management continue to develop and align indicators to be included in the performance report.
- o Strategy, Workforce and Localities
 - a) Workforce indicators are being developed and aligned to provide a wider context for Somerset Council.

Recommendations

9. The Executive are asked to endorse Corporate Performance Management Report Q2 2023/2024 (Appendix A) for Somerset Council.

The Executive are also asked to consider:

- a) whether the proposed actions are adequate and appropriate to address concerns and improve performance to the desired level.
- b) the content, level of detail provided and the format of the report and make any recommendations for improvements.

Reasons for recommendations

10. To ensure performance management is being effectively managed, reviewed and any areas of concern identified and addressed.

Other options considered

11. Alternative options involving the continuation of existing Somerset Councils' performance reporting arrangements were considered. However, this would not enable the performance of the new unified council services to be managed effectively and efficiently.

Links to Council Plan and Medium-Term Financial Plan

12. Future arrangements for Corporate Performance Reporting will align with the priorities set out in the Council Plan and activities detailed within the Business Plan. In this way performance management arrangements will focus on delivery of the priorities and vision of the Council.
13. The interim arrangements set out in this report will ensure key service delivery performance continues to be monitored and measured.
14. Performance and finance monitoring reporting will be aligned to ensure that these can be considered together.

Financial and Risk Implications

15. There are no direct financial implications to the proposals set out in this report. Detailed Budget Monitoring reports are included within the meeting agenda pack.
16. Failure to have effective arrangements in place to adequately manage performance of key services would create a risk that service performance could deteriorate, and effective corrective action not being undertaken in a timely manner.

Legal Implications

17. There are no legal implications to this recommendation being accepted.

HR Implications

18. There are no direct HR implications resulting from this report. However, consideration will need to be given to resourcing areas of concern identified within the report.

Other Implications:

Equalities Implications

19. Where appropriate, measures will be reported including information against protected characteristics. Where services identify disproportionality in service delivery, uptake or impact, additional information regarding these impacts will be provided.

Community Safety Implications

20. There are no implications

Climate Change and Sustainability Implications

21. There are no implications

Health and Safety Implications

22. There are no implications

Health and Wellbeing Implications

23. There are no implications

Social Value Implications

24. There are no implications

Scrutiny comments / recommendations:

25. This is the second corporate performance management report for Somerset Council. Scrutiny arrangements are yet to be confirmed.

Background Papers

- Performance Management Framework for Somerset Council [available on request]

Appendices

- Appendix A: Corporate Performance Management Report for Q2 2023/2024 consisting of the following executive directorate areas.
 - Public Health
 - Children and Family Services
 - Adult Services
 - Climate and Place
 - Community Services

- Resources and Corporate Services
- Strategy, Workforce and Localities

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	Alyn Jones	21/11/2023
Communications	Peter Elliott	21/11/2023
Finance & Procurement	Jason Vaughan	21/11/2023
Workforce	Alyn Jones	21/11/2023
Asset Management	Oliver Woodhams	21/11/2023
Executive Director / Senior Manager	Alyn Jones	21/11/2023
Strategy & Performance	Alyn Jones	21/11/2023
Executive Lead Member	Cllr Liz Leyshon	23/11/2023
Consulted:	Councillor Name	
Opposition Spokesperson (circulated)	David Fothergill	27/11/2023
Scrutiny Chairs (circulated)	Martin Dimery Leigh Redman Gill Slocombe Gwil Wren Bob Filmer	27/11/2023

Appendix A:
Corporate Performance Management Report Q2 2023/2024

Introduction

This appendix sets out performance against each indicator that has been agreed with Executive Directors as part of the interim performance management arrangements that will evolve and develop over the transition period for the new Somerset Council as teams, services, budgets, and systems are aligned.

Each Executive Directorate section below sets out:

- A summary overview of performance, including context, areas for improvement, and/or achievements during the period.
- An outturn table with key performance indicators with Red Amber Green (RAG) rating where possible.

In addition to the performance indicators provided within this report there are many operational service performance indicators currently being reviewed and aligned across the organisation at Service Director level. Any indicators that are expected to be added to this report from Q3/Q4 2023/2024 onwards have been highlighted in the covering report. It is intended that future reports will also include trend data where possible to show performance over time.

Public and Population Health Executive Director Professor Trudi Grant
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The Council is continuing to work towards the Breastfeeding Gold status, and coverage of 2 to 2.5 year reviews has been maintained at a higher level in Q2 2023/2024.

The additional investment by central government through the supplementary substance misuse treatment and recovery grant has resulted in reduced caseloads for specialist treatment workers. This has led to a higher than national treatment completion rate. We are working with the specialist service, to ensure that we continue to see an increase in the numbers of people accessing specialist treatment.

Although recruitment of the first ambassadors has not yet been completed, we have received 8 nominations across the directorates. The first two workshops are being organised and are planned to run in November 2024 to formalise the first recruitment processes.

Smoking cessation quit data for the most recent period is provisional. This is due to a number of people starting their referral within the quarter not yet having reached the 4-week mark.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn				Outturn				DoT
				April	May	June	Q1	July	August	Sept	Q2	
Breastfeeding - Gold Award working to gold accreditation in July 24 RAG	n/a	Green	no tolerance as an assessment	Green	Green	Green	Green	Green	Green	Green	Green	↔
Mental Health Promotion RAG based on range of metrics	n/a	Green	no tolerance as an assessment	Amber	Amber	Amber	Amber	Amber	Amber	Amber	Amber	↔
Coverage of 2.5 years developmental check	High	85%	Amber within 10% of target Red below 10%	83.10%	80%	76.30%	79.80%	86.10%	86.90%	86.90%	86.70%	↑
Adults in structured treatment for Substance Misuse Commissioning RAG against 20% increase from 2021/22 baseline option across a range of outcomes for adults and children	n/a	Green	no tolerance as an assessment	n/a	n/a	n/a	Amber	2237	2272	2305	Amber	↔
Smoking: Number of people who are quit at four weeks (SC Commissioned Services)	High	250	Amber within 10% of target	n/a	n/a	n/a	282	n/a	n/a	n/a	223 (Provisional)	n/a

Go Smoke Free and Smoke Free Families)			Red below 10%									
Public Health Ambassador programme (apportioned target will be set)	Low	8	Amber within 10% of target Red below 10%	0	0	0	0	0	0	0	0	n/a

**Children and Family Services
Executive Director Claire Winter**

The Children’s Commissioner has identified Somerset ChAIRS service (Children's Advocacy and Independent Reviewing Service) as one of the best in the Country. Somerset’s good practice in this area was considered to be positively impacting children’s lives and will feature in a report by the Children’s Commissioner in due course.

Five 'Homes and Horizons' children's homes have now opened. The first six young people are progressing well, supported by the collaborative partnership approach between Somerset Council, Somerset NHS Foundation Trust, and Homes2Inspire. Specialist staff have been appointed into the Homes and Horizons Therapeutic Education Service and work to refurbish the first setting is about to commence.

Continued engagement with schools and partners to develop a programme of work that will support delivery of the Somerset Education for Life Strategy.

The 12 appointed Connect Somerset Area Champions continue to work closely with communities to make it easier for families to access the help that they need earlier. Work is progressing well with schools to refresh the 'Team around the School' model - enabling schools to access local help for children/families within their own communities.

Around 8,000 children participated in the 'Holiday Activities and Food Programme' over the summer holidays and has provided opportunities for Young People to train as coaches with SASP.

43 Somerset Schools are now actively engaged in the 'Young Carers in Schools' awards (which seek to demonstrate that a school is meeting the needs of young carers).

Further DfE funding has been provided to Somerset to work alongside other Authorities to support the development of data sharing arrangements.

Data evidences that the Family Safeguarding model has been instrumental in reducing drug and alcohol and domestic abuse incidents in families supported by the team.

The recommissioning of the 16+ Youth Homelessness Service received a positive response from Providers - demonstrating a willingness to work together to meet the needs of this cohort.

For the data in September the percentage of NEETs and Not Knowns are in a state of flux, until the colleges complete their enrolment returns at the end of September/beginning of October. SomersetWorks is receiving weekly enrolment data from each of the Colleges and are sending these to our Secondary schools for checking of individual student destinations. These will continue to be checked against actual enrolments and any 'Not Known's' chased up for clarification / support. Transition panels with each school have started in September and these are being used to identify those at risk of NEET and track against the Year 12.

A new approach to performance management has recently been adopted by the service and as such there is no performance outturn for April and May or for Q1 collectively.

*Measures in this section include benchmarking data for comparative performance, rather than as a target.

Key Performance Indicators	What is good performance high or low	Benchmark*	Tolerance	Outturn 2023/2024		DoT
				Q1 (June)	Q2 (Sept)	
The percentage of Somerset schools rated inadequate	Low	3%	TBC	6%	6%	↔

Overall School Attendance	High	95.3% (Pre Covid, National)	TBC		91.9%	93.8%	↑
Primary Attendance	High	96% (Pre Covid)	TBC		94%	95.7%	↑
Secondary Attendance	High	94.5%	TBC		90%	92.1%	↑
Children with SEND (EHCP & SEND support) Attendance	High	EHCP – 91.3% SEND Support 93.5% (Pre-Covid)	TBC		86.6%	89.0%	↑
Children with a Social Worker (Children Looked After (CLA)) Attendance	High	TBC	TBC		82%	84.7%	↑
Children with a Social Worker (Children In Need (CIN) & Child Protection (CP)) Attendance	High	TBC	TBC		74%	75.9%	↑
Overall Persistent School Absences	Low	2021/22 Ofsted: England 23.2% South West 25.7% Pre-Covid Somerset 11.3%	TBC		21.8%	19.4%	↑
Primary Persistent School Absences	Low	8.2% (Pre Covid)	TBC		15.3%	15.3%	↔
Secondary Persistent School Absences	Low	13.7% (Pre-Covid)	TBC		27.9%	23.0%	↑
Children with SEND (Education Health and Care Plan (EHCP) & Special Educational Needs and Disabilities (SEND) Support) Persistent School Absences – Special Schools	Low	28.8% (Pre-Covid)	TBC		37.8%	35.5%	↑
Children with SEND (EHCP & SEND Support) Persistent School Absences – Pupil Referral Units	Low	TBC	TBC		85.8%	60.5%	↑

Children with a Social Worker (Children Looked After (CLA)) Persistent School Absences	Low	TBC	TBC		82%	28.1%	↑
Children with a Social Worker (Children In Need (CIN) & Child Protection (CP)) Persistent School Absences	Low	TBC	TBC		74%	48.1%	↑
Overall Exclusions – Rolling 12 months	Low	120 (2021/22 Somerset Outturn)	TBC		144	140	↑
Children with SEND (EHCP & SEN Support) Exclusions – Rolling 12 months	Low	75 (2021/22 Somerset Outturn)	TBC		100	99	↑
Children with a Social Worker (CLA) Exclusions – Rolling 12 months	Low	TBC	TBC		0	2	↓
Children with a Social Worker (CIN & CP) Exclusions – Rolling 12 months	Low	TBC	TBC		12	14	↓
EHCPs – Request for Assessment	N/A	N/A	TBC		81	43	n/a
Percentage of Education Health and Care (EHC) Assessments Completed within 20 weeks	High	60%	TBC		54.35%	37.93%	↓
Total Number of EHCPs maintained	N/A	N/A	TBC		5101	5247	n/a
Not in Education Employment or Training (NEET) %	Low	Somerset 2.1% 2021-2.2% (National NEET)	TBC		4.4%	2.4%	↑
NEET – Unknown	Low	For 2021 6.3% Participation 93.6%	TBC		4.5%	89.6%	n/a
Percentage of Children receiving a 2-2.5 year review who are in receipt of a Universal Service at time of review	High	N/A	TBC		67%	71.05%	↑
Percentage of Children receiving a 2-2.5 year review who are in receipt of a Targeted Level Service at time of review	High	N/A	TBC		9.2%	23.68%	↑

Percentage of Children receiving a 2-2.5 year review who are in receipt of a Specialist Level of Support at time of review	High	N/A	TBC		1.9%	5.26%	↑
Proportion of Children receiving a New Birth Visit following discharge from midwifery at 10-14 days	High	England: 72.8% SW: 82.7%	TBC		84.30%	84.91%	↑
Proportion of Children receiving a New Birth Visit following discharge from midwifery after 14 days	High	England: 25.6% SW: 14.8%	TBC		15%	13.40%	↓
Overall proportion of children receiving their 2-2.5 year check	High	England: 77.6% SW: 74.1%	TBC		76%	78.11%	↑
Children Looked After (Rate per 10,000)	N/A	N/A	TBC		51.9	52.36	n/a
Number of children open to Social Care at Risk of Child Exploitation	N/A	N/A	TBC		92	94	n/a
Targeted Early Help referrals (Local Authority) Rolling 12 months	N/A	N/A	TBC		5146	5125	n/a
Number of children in residential care	N/A	N/A	TBC		79	84	n/a
Number of children in Foster Care (combined internal and external provision)	N/A	N/A	TBC		343	357	n/a
Ratio of children in Foster Care (Internal/External provision)	TBC	70% Internal 30% External	TBC		Internal 62.5% External 37.5%	Internal 64.71% External 35.29%	n/a
Number of children adopted over the last 12 months	N/A	N/A	TBC		52	45	n/a
Percentage of Children Looked After (CLA) in Residential Care who are placed outside of Somerset	TBC	TBC	TBC		37.42%	40.99%	n/a

Percentage of CLA in Foster Care who are placed outside of Somerset	N/A	N/A	TBC		35.76%	37.72%	n/a
Percentage of Under 16s in Care who are in unregistered provision	N/A	N/A	TBC		3.23%	1.68%	n/a
Number of households with dependent children assessed as being at risk of homelessness	N/A	N/A	TBC		34	40	n/a

Adult Service Executive Director Mel Lock

Somerset has continued to see the impact of additional investment and focused commissioning activity, as well as some pick up in care provider recruitment of new starters over recent months, with levels of unmet homecare need falling to their lowest ever levels since March 2021. This significantly improved picture is partly consequent to:

- Homecare pods funded by system – supported stimulation of the market (5 pods of 200hrs),
- Fee increase 2023/24 to £25 per hour – has enabled providers to pay above national minimum wage, offer contracted hours and improved term and conditions,
- Overseas recruitment and focussed Proud to Care marketing have stimulated recruits coming into homecare market.

Between April and September 2023, the highest month end position in terms of the number of unsourced packages of homecare, has been 4 (2 at end of Sept 2023). In contrast between April and September 2022 Unmet Needs ranged from 85 to 111.

Homecare package contract 'handbacks' have steadily reduced since hitting a peak (38) in May 2022. The average per month so far this year (to end of Sept 2023) is 14. This compares to 19.5 in 2022, and 16.9 in 2021.

The proportion of calls resolved by Somerset Council's Customer Services (the Council's front door) at 'first point of contact' has remained broadly in line with our target despite demand and enquiry levels remaining very high. This supports our ongoing objective for an effective front door that helps people find solutions to their problems and demonstrates its impact in terms of the delivery of good outcomes and diversions from formal/statutory care services. In June 2023, Somerset Direct won the Best Transformation Programme 2023 at the South West Contact Centre Forum Awards. Focused work is currently underway to try to manage the number

of 'chaser' calls that are being received. These are adding to the volume of contacts being handled and the proportion being passed to Neighbourhood triage teams. Cumulative position for period April to September 2023 shows that in 93.6% of concluded safeguarding enquiries the risk was reduced or removed. National Safeguarding Adults Collection data for 2022/23 was published on 7 Sept 2023; this showed that safeguarding risks were identified in Somerset in 84% of cases, compared to 75% both nationally and in our peer group. Where a risk was identified in Somerset, this was reduced or removed entirely in 92% of cases, compared to 91% Nationally and 89% in our peer group. This data and other local performance reporting will inform our upcoming Safeguarding Adults Board in October 2023, as part of our routine and established monitoring and assurance activity. Feedback from the LGA/Southwest ADASS who observed a safeguarding presentation from Somerset in late June 2023 referenced that we were able to “provide considerable and strong evidence of your strengths in safeguarding as a Council and on a multi-agency basis and on your next steps in further improvement. You presented strong evidence in relation to safeguarding practice and you have consistent professional and high-quality oversight and leadership in this area”.

Since launching in January 2022, our Adult Social Care (ASC) Feedback form responses have offered the service valuable insights on the experience of service users and carers, partner colleagues and other key stakeholders, and opportunities for learning and improvement. Positive feedback is used in staff shout outs and shared in Highlight Reports, and less positive is shared with workers/line managers with the aim of mitigating further escalation of concern or complaints. 78.5% of the 144 responses received via the ASC Stakeholder Feedback route during the 2023/24 year to date (to end of Sept 2023) rate the overall service received from our adult social care teams as either good or excellent; this compares to 82.9% in 2022/23. Whilst performance dipped below target in August and September, this was raised for discussion and oversight at our monthly Practice Quality Board. We anticipate stakeholder satisfaction levels rising again to good levels from October 2023. We know the single biggest element and influencer of both positive and negative feedback is communication – how clear, responsive, professional, and compassionate we are in our respective job roles makes a fundamental difference to the experience of those we engage with and support.

The number of overdue assessments and reviews continue to remain high and above our desired targets, impacted by rising demand, complexity of need, and ongoing internal workforce capacity pressures which our operational restructuring in part seeks to mitigate. A weekly Operational Assurance Group has been established to provide strategic oversight of the completion of assessments and reviews in our operational teams, and to support reduction of backlogs through close monitoring of trajectories and regular reporting to governance and assurance boards, including the Safeguarding Adults Board which receives quarterly updates (next due in November 2023). Somerset has recently contributed to a survey of all regional councils carried out by the Southwest Association of Directors of Adult Social Services (SW ADASS) to understand the scale of the issue for overdue assessments and reviews. Somerset are currently analysing the responses on behalf of the region and findings will be available soon.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn 2023/2024			DoT
				July	August	Sept	
Sourcing Care: Number of care packages on unmet need list	Low	15	TBC	2	4	2	↑
Number of returned packages of care (homecare 'hand backs')	Low	TBC	TBC	10	14	13	↓
No of new placements in residential and nursing care in month (18-64)	Low	10 per 10,000	TBC	1	3	1	↑
No of new placements in residential and nursing care in month (65+)	Low	52 per month	TBC	39	50	40	↑
% of total contacts handled and resolved with no costed service by Somerset Direct	High	60%	TBC	59.1%	59.1%	60.0%	↑
Safeguarding risk outcomes – proportion of individuals for whom the risk was reduced or removed following safeguarding intervention	High	90%	TBC	95.9%	94.8%	93.6%	↓
ASC stakeholder feedback - % rating service received from ASC as 'Good' or 'Excellent' overall	High	75%	TBC	90.0%	74.1%	53.3%	↓
Total number of overdue Care Act Assessments	Low	200	TBC	826	845	858	↓

Community Services Key Performance Indicators
Executive Director Chris Hall

Cultural Services

Work continues to develop key performance indicators for this service area as there are many complexities that surround the alignment of services.

For Q2 2023/2024 we have continued to report on libraries as a quarterly performance outturn.

The overall performance for libraries has increased since Q1 2023/2024, which is as expected for this service and the Council is in a good position against national benchmarking. The number of library members has grown significantly over the past 12 months, with increasing numbers of new members due to a targeted membership drive. The number of events (reading, digital and other) has increased by 8% and the total number of visitors has also increased by 4%, both compared with the same period last year.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn 2023/2024		DoT
				Q1	Q2	
Library Services - Events (total of: Reading, Digital and other)	High	N/A	Compare to same ¼ previous year	1803	1838	↑
Library Services - Total Visitors (in person)	High	N/A	Compare to same ¼ previous year	220,229	240,095	↑

Customer Services

Customer Services continue to see an increase in the overall call volumes since vesting day across services with a 13.36% and 8% rise in calls relating to Children and Adult Services, respectively. The team have also supported increased volumes due to emergency situations brought about from flooding in May, September, and October. Customer Services, receive around 65,000 calls per month alongside 750 online 'Contact Us forms, 100's of emails, professional referrals and around 200 social media/digital messages. In September we resolved 75.67% calls at the First Point of Contact and customer satisfaction remained good at 84.52%, this is the highest performance rating this year. Over the last quarter we have seen 7,823 customers visit our face to face Customer Service Points and answered/resolved on average 97.57% of all interactions at the first point of contact. Use of our virtual assistants offer, where customers connect to the service through the Attend Anywhere software has been slow. We are planning a launch of VAL [Video Assistant Live] in November to raise its profile, encourage its use and self-serve functionality.

The average wait time for Customer Service calls over the last quarter has been consistent around 3 minutes, however this does mask longer wait times on some queues such as Revenues and Benefits where the average wait time for customers in July was 7 minutes 47 seconds and the maximum wait time 1hour 17minutes and for Adult Services the average wait time is 9 minutes 38 seconds and maximum wait time 54 minutes and 28 seconds. We are working hard and creatively to try to reduce these wait times but capacity issues and increased demand hamper performance. Our Welcome BOT abandonment of 8% is consistent month on month. We continue to review why customers abandon the call. Currently we are reviewing how many customers listen to the welcome message and then choose an online option with a view to increasing these and working with Digital to enable more channel shift. This quarter we have also seen a reduction in customers using the old legacy council telephone numbers from 19529 in April to 7998 in September. The proposal is to cease the old lines 12 months after vesting day and wrap more communications around this to support the change.

The Out of Hours/Lifeline service performance over the last quarter has remained consistently good receiving 75,788 calls over the last quarter. September saw a slight dip below our answering within 60 seconds target of 97%. A digital switchover programme has commenced and aim to deliver by the government deadline of 2025. Complaints for Somerset Council continue to increase for the second quarter from 987 to 1057. We are working with services to not only learn from them but also to see how these can be actively reduced as well as undertaking a review of resources in this area.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn				Outturn				DoT
				April	May	June	Q1	July	August	Sept	Q2	
Overall volume of calls received within period	N/A	N/A	N/A	56774	61597	66978	185349	58699	57854	58130	174683	n/a
Resolved at first point of contact Percentage of calls which have been resolved or signposted	High	65%	Green 65% + Amber 50%+ Red <50%	78%	76%	74%	76%	75%	74%	77%	75%	↓
Customer Satisfaction Represents how satisfied callers are with the service they have received.	n/a	75%	Green 75% + Amber 60% + Red <60%	82.70%	83.61%	83.56%	83.29%	83.26%	82.31%	84.52%	83.36%	↑
Out of Hours Somerset Lifeline - Number of calls received in total within period.	n/a	n/a	n/a	22591	24734	24692	72017	35013	22907	22232	80152	n/a
Out of Hours Somerset Lifeline - Number of calls answered within 60 seconds	High	97.5% SLA	No threshold as it is a pass / fail	96.70%	95.97%	96.40%	96.36% average	97.65%	97.73%	96.17%	97.18% average	↑
Complaints - Number of complaints answered within 10 working day across all services	High	75%	>75% Green 50-74% Amber <50% Red	56%	57%	62%	59% average	49%	59%	55%	54% average	↓
Complaints - Number of Ombudsman enquiries received in period across all services	Low	N/A	N/A	18	9	5	32	8	6	10	24	n/a

Regulatory Services

For this report we have included Fly tipping outturns for the whole of Somerset. During this period there have been some staffing issues in the South which have contributed to a reduction in the overall percentage figure. There was also a brief dip in performance in the West during September, but this is being investigated and will be rectified during Q3 2023/2024.

The Environmental Health team are carrying some vacancies which is leading to the dip in performance in some areas. The food inspection performance has increased in August and September 2023.

Key Performance Indicators	Target	Tolerance	Outturn				Outturn				DoT
			April	May	June	Q1	July	August	Sept	Q2	
Licensing - 90% of valid Licensing applications processed within required timescales from receipt of a valid application.	90%	TBC	82%	96%	98%	92%	96%	97%	97%	97%	↑
Food Hygiene - Carry out 100% of all programmed high risk food hygiene inspections and interventions each quarter.	100%	TBC	71%	120%	69%	87%	46%	92%	100%	79%	↓
Environmental Health Requests - Responding to 95% of all service requests about Environmental Health, Private Sector Housing and Licencing within 7 working days.	95%	TBC	84%	88%	84%	85%	82%	83%	88%	84%	↓
Fly-tipping - incidents responded to within 5 working days (Somerset Wide)	n/a	TBC	95% 327/345	94% 270/286	89% 312/349	93% 909/980	87% 291/333	84% 314/374	86% 322/373	86% 927/1080	↓

Housing Services

There continues to be a steady improvement in compliance of housing dwellings with a valid electrical safety certificate (EICR), with both in-house and external contractor resource allocated to the programme. There has however been a delay caused by the lead-in times being quoted by national grid for installing 'contractor switch' isolators prior to our replacing consumer units (as required following a previous EICR), but this element of the programme is due to commence in November 2023. We also have a high proportion of 'no-access' cases and are working with housing tenancy colleagues to obtain entry to carry out the EICR tests and any remedial repairs that may be necessary.

Performance has been relatively stagnant overall for Homes that do not meet the Decent Homes Standard, (i.e. statistically as more properties fall into 'Non-Decency' due to component age life-cycles, this is broadly balanced by our current pace of undertaking planned programmed works). However, the Council has recently undertaken a range of procurement activities and are now entering into contracts, agreeing accelerated programmes with contractors, and have fully staffed our Capital Programme team to enable the required works to be undertaken to increase our DHS compliancy.

It is anticipated in Q3 2023/2024 additional indicators will be included for homelessness and housing options.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn				Outturn				DoT
				April	May	June	Q1	July	August	Sept	Q2	
Percentage of tenants are overall satisfied with the housing services provided by Somerset Council (Tenant Satisfaction Measures survey May 23 and Nov/Dec 23)	tbc	77%	tbc	77% (2022)	77% (2022)	76% (2023)	76% (2023)	76% (May 2023)	76% (May 2023)	76% (May 2023)	76% (May 2023)	n/a
True current tenant arrears at the end of month percentage	Low	2.00%	2.0 - 2.2% is Amber	2.84%	3.07%	2.03%	2.03%	1.84%	1.85%	1.84%	1.84%	↑
Percentage of housing dwellings with a valid gas safety certificate	High	100%	tbc	TBC	100%	100%	100%	100%	100%	100%	100%	↔

Percentage of communal areas with a Fire Risk Assessment (FRA) in place and FRA Review complete (where applicable)	High	100%	tbc	TBC	100%	100%	100%	99.18	100%	100%	100%	↔
Homes that do not meet the Decent Homes Standard	Low	1%	4%	n/a	5.69%	5.86%	5.86%	6.20%	6.20%	5.93%	5.93%	↓

Climate and Place Key Performance Indicators
Executive Director Mickey Green

Climate, Environment and Sustainability

In Q2 2023/2024, the cumulative outturn of residual waste per household (NI191) showed an improvement from the previous quarter dropping from 102.67kg/hh to 102.20kg/hh. NI191 has reduced from an adverse position in Q1 and is now on target. During Q1 there were several bank holidays and the waste collection complexities arising from the Kings Coronation that led to an increase in refuse being accepted through our services.

The percentage of household waste reused, recycled, or composted (NI192) in Q2 2023/2024 surpassed expectations, reaching an impressive 59.13%.

In Q2 2023/2024 the total food waste remained static compared to Q1 2023/2024, with the Walpole Anaerobic Digester continuing to take all of Somerset's food waste.

Visitor numbers to recycling sites are steadily increasing each quarter, approaching pre-covid levels, the total weight throughout was down compared to Q1 2023/2024, however the recycling rate for the recycling sites remained static at around 56%.

Note: NI 191 & NI 192 targets are annual outturns.


Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn				Outturn				DoT
				April	May	June	Q1	July	August	Sept	Q2	
Waste - Residual household waste per household (N191) cumulative outturns	Low	412kg per year	+ / - 5kg over the year	34.09kg	72.85kg	109.88kg	109.88kg cumulative	142.12kg	176.67kg	210.98kg	210.98kg cumulative	↓
Waste -% of household waste reused, recycled or composted (NI 192)	High	56.35% per year	+ 4% / - 1% per year	57.43%	59.42%	58.59%	58.54% monthly	58.48%	61.02%	57.71%	59.13% Monthly	↑
Waste - Total amount of food waste (tonnes)	High	none set	none set				5,473.57				5,438.00	↔
Waste - % of food treated at Somerset's anaerobic digester	High	none set	none set				100%				100%	↔
Waste - Total number of visits to recycling centres	n/a	none set	none set				495,226				497,234	n/a
Waste - Total amount of waste received at recycling centres (tonnes)	n/a	none set	none set				27,168.38				24,753.04	n/a
Waste - % of waste received at recycling sites that is recycled (incl composted, recovered, residual and hardcore)	High	none set	none set				56.10%				56.00%	n/a

Infrastructure and Transport

Outturns for the percentage of planning applications responded to within 21 days are reported two months in arrears due to the consultation period. Outturns have remained consistent since 2019/2020.

There has been a slight decrease in the number of Street Works permits processed compared to Q1 2023/2024. Overall, there continues to be demand to work on the highway network.

The service continually reviews the trends in the number of people killed and seriously injured (KSI's) in road collisions either with education, enforcement (in liaison with the Police) or engineering. Current outturns represent a 70% drop in KSI's. We have no reason to expect a significant drop, this is likely due to a backlog of collisions from Avon and Somerset Police. Year-on-Year shows 1 reduction in KSI which represents a decrease of -2.4%, although the higher proportion of fatal collisions is a concern to be monitored.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn				Outturn				DoT
				April	May	June	Q1	July	August	September	Q2	
Highways & Transport - % planning applications responded to within statutory 21-day deadline	High	TBC	TBC	94.97%	92.43%	94.97%	n/a	92.43%	90.54%	93.22%	n/a	
Highways & Transport – No. of parking penalties issued - On Street	TBC	TBC	TBC	2506	3112	2097	7715	2123	2468	2312	6903	n/a
Highways & Transport – No. of parking penalties issued - Off Street (car parks)	TBC	TBC	TBC	1325	1631	1691	4647	2004	1954	2142	6100	n/a
Highways & Transport - No. of parking penalties issued - Bus Gate	TBC	TBC	TBC	534	508	467	1509	662	777	603	2042	n/a

Highways & Transport - No. of people killed and seriously injured (KSI) in road collisions	TBC	TBC	TBC	5	8	1	14	1	2	0	3	n/a
Highways & Transport – No. of Street works permits processed	TBC	TBC	TBC	3233	3430	3992	10655	3492	2998	2866	9356	n/a
Highways & Transport - No. of Traffic Regulation Orders (incl. TPCA's) processed	TBC	TBC	TBC	223	426	285	934	341	287	293	921	n/a
Highways & Transport - No. of events applications received	TBC	TBC	TBC	34	91	38	163	18	29	24	71	n/a
Highways & Transport - No. of enquiries into Traffic Engineering (as logged onto Sharepoint)	TBC	TBC	TBC	990	923	1148	3061	928	1121	882	2931	n/a

Economy, Employment, and Planning

Performance for Q2 2023/2024 has exceeded the nationally set targets for major, minor, and other applications and shows an improvement from Q1 2023/2024. The service continues to have a significant workload not included in the returns to government including prior approvals, adverts, trees, and discharge of conditions applications as well as the pre-application advice service. All 4 area teams have a greater number of applications on hand at the end of the quarter than the number received.

Key Performance Indicators	Target	Tolerance	Outturn				Outturn				DoT
			April	May	June	Q1	July	Aug	Sept	Q2	
Planning (major applications) Decisions total and % in time or extended time within reporting period	65%	TBC	n/a	n/a	n/a	82%	n/a	n/a	n/a	87%	↑

Planning (minor applications) Decisions total and % in time or extended time within reporting period	75%	TBC	n/a	n/a	n/a	82%	n/a	n/a	n/a	91%	↑
Planning (other applications) Decisions total and % in time or extended time within reporting period	85%	TBC	n/a	n/a	n/a	89%	n/a	n/a	n/a	93%	↑

Strategy, Workforce and Localities Key Performance Indicators
Executive Director Alyn Jones

Partnerships and Localities

The team continue to bring together existing expertise and experience from the predecessor authorities to create structures and services that support a whole systems approach to community and partnership engagement and development. Whilst it is early days for the Local Community Networks (LCNs), the intention is that each one will identify local priorities which will translate into a delivery plan. These plans will need to have SMART measures. The intention is also to create performance measures relating to LCNs as a function and service, for example around participation and engagement levels, positive impact and community and stakeholder satisfaction.

Strategy and Performance

There are two key performance indicators for Equalities that are provided every six months. They do not have a RAG status applied but a commentary update.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn		DoT
				Q1	Q2	
Equalities: Percentage of (permanent) staff completing mandatory equalities modules on the learning management system	n/a	n/a	n/a	n/a	Currently mandatory training has not been launched, although there is individual service-based training being undertaken	n/a
Equalities: compliance with the action plan that supports the equalities objectives	n/a	n/a	n/a	n/a	The current Equality Objectives are being reviewed with the intention of identifying 3 new ones from 1st April 2024	n/a

Governance, Democratic and Legal

Whilst the FOI/EIR requests completed on target is slightly below the target of 95%, achieving 92% is pleasing given the increased complexity post vesting (e.g., often now having to gather and collate data from 4 or 5 separate area teams in order to answer a single request). The team are also currently carrying a vacancy within the team.

The percentage of requests being acknowledged has improved significantly compared to Q1 2023/2024 and is achieving the target levels expected.

*Data outturns are quarterly only.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturn				DoT
				Q1		Q2		
				Number	%	Number	%	
FOI/EIR: The number of requests received in period	n/a	n/a	n/a	437		472		n/a
FOI/EIR: % of requests received that were acknowledged within 2 days (when ack required)	high	2 days	Green 95%+ Amber 80-94% Red <80%		90%		97%	↑
FOI/EIR: The number of FOI requests completed in period	n/a	n/a	n/a	346		390		n/a
FOI/EIR: The number & % of completed requests where all information was sent	high	n/a	n/a	226	66%	223	57%	↓
FOI/EIR: The number & % of completed requests where response was a full refusal	n/a	n/a	n/a	29	8%	55	14%	n/a
FOI/EIR: The number & % of completed requests where response was a partial refusal	n/a	n/a	n/a	21	6%	32	8%	n/a
FOI/EIR: The number & % of requests which did not result in disclosure for other reasons (e.g. info not held, invalid or lapsed request)	n/a	n/a	n/a	70	20%	80	21%	n/a
FOI/EIR: Percentage of requests completed within 20 working days	high	20 working days	Green 95%+ Amber 80-94% Red <80%	318	92%	359	92%	↔
FOI/EIR: The number of internal reviews requested in period	n/a	n/a	n/a	4		10		n/a
FOI/EIR: The number of requests outstanding at the end of the period	n/a	n/a	n/a	91		82		n/a

Workforce

Due to the resource and financial pressures in this area the performance outturns for Q2 2023/2024 are not available, these will be included in the Q3 2023/2024 report.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024				DoT
				April	May	June	Q1	
Staff sickness – Working Days lost per Full Time Equivalent (FTE)	Low	2.2 days per quarter or 8.8 days per annum	TBC	n/a	n/a	n/a	1.81	n/a
Staff turnover [not currently available at a corporate level]	Low							n/a

**Resources and Corporate Services Key Performance Indicators
Executive Director Jason Vaughan**

Finance and Procurement

Business Rates: Monthly targets have been identified for this year, which are broadly based on last year’s actual collection rates across the 4 legacy districts, although we are still in the process of refining these targets. The position at the end of Q2 2023/2024 indicates that we are a 2.17 percent below target. This is not surprising given the combination of the economic climate and the delays in commencing recovery action in some areas due to the cash posting problems resulting from the implementation of the new finance system. The council has not yet implemented internal transfers to clear our own rating liability. Ordinarily, this would happen early in the financial year, so this is further distorting the collection rates. Work is underway to plan the recommencement of recovery activity in all areas during the remainder of this financial year, which should help to get us back on track with collection.

Key Performance Indicators	Target	Tolerance	Outturn				Outturn				DoT
			April	May	June	Q1	July	August	Sept	Q2	
Council Tax collection rate (%)	Q2 56.47	TBC	11.82	20.81	29.88	29.88	38.89	48.06	58.01	58.01	↑
Business Rate collection rate (%)	Q2 57.36	TBC	9.48	19.46	28.14	28.14	35.65	44.79	55.19	55.19	↑
Average number of days for processing new Housing Benefit claims	15	TBC	15.07	20.69	14.75	16.78	13.93	11.9	12.64	14.61	↑
Average number of days for processing Housing Benefit change of Circumstances	7	TBC	7.59	6.63	9.87	8.1	6.21	4.86	5.46	6.95	↑

Strategic Asset Management

In relation to the building compliance performance outturns, former Somerset County Council and South Somerset District Council are in the process of migrating to a new database system and are in the implementation phase, not all aspects of reporting is fully live. This is affecting the overall average outturn but should be addressed for Q3/Q4 2023/2024. For former Somerset West and Taunton one of the main areas which is pulling the overall figures down is the 6 monthly full evacuation drills and 4 of those sites (being pavilions/changing rooms) there may not be a legal requirement. We are also setting the stricter target at every 6 months rather than annually. Former Sedgemoor and Mendips teams did not previously have a formal reporting process, so those teams are currently working to collate the data to be consistent with the other areas.

As the service evolves, any key indicators that are identified will be included within the quarterly corporate performance management report.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns		
				Q1	Q2	DoT
An average for all building compliance across Somerset Council	TBC	100%	TBC	76%	78%	↑

Information and Communication Technology (ICT)

There are no key performance indicators for this service area, at this stage, for Q2 2023/2024. However, there are many operational service level indicators the team are reviewing and aligning. As the service evolves, any key indicators that are identified will be included within the quarterly corporate performance management report.

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Decision Report - Executive Decision
Forward Plan Reference: FP/23/04/05
Decision Date - 06/12/2023
Key Decision - No



Annual Treasury Mid-Year Report 2023-24

Executive Member(s): Cllr Liz Leyshon – Deputy Leader and Lead Member for Resources and Performance

Local Member(s) and Division: All

Lead Officer: Jason Vaughan – Executive Director Resources and Corporate Services (Section 151 Officer)

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Summary / Background

1. In compliance with the requirements of the CIPFA Code of Practice this report provides Councillors with a summary report of the treasury management activity during the first six months of 2023-24. It gives a summarised account of Treasury Management activity and outturn for the first half of the year and ensures Somerset Council (SC) is embracing Best Practice in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) recommendations. All treasury activity was conducted within the benchmarks set as Prudential limits for prudent and sustainable capital plans, financing, and investment. A risk-averse approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. This report is for information only.

On the 1st April, the debt and treasury investment portfolios of the 5 legacy Councils came together. Fuller details of the total inherited portfolios, and movements during the first six months of the year are shown below in tables 1 to 3 (debt), and 5 to 8 (investments).

As at 1st April, the debt portfolio (Excluding loans between legacy Somerset Councils) stood at £750.7m at an average rate of 3.45%. The medium to longer-term loans, being £375.7m of Public Works Loan Board (PWLB), and £60.5m of fixed rate market loans, seemed to dovetail well to give a reasonable

overall maturity profile. However, £201.5m of the £206.5m short-term variable rate debt was maturing during the 2023-24 financial year, and £83m of the £108m LOBO (Lenders Option, Borrowers Option) loans would have an option to call during 2023-24, giving rise to significant interest rate risk when refinancing.

Investments (Excluding loans between legacy Somerset Councils) stood at £295.75m on 1st April at an average rate of 4.27%. This figure included approximately £13.9m of cash managed on behalf of the Local Enterprise Partnership (LEP), £8.5m of other external bodies (Exmoor National Park (ENP), South-West Councils (SWC), Society of County Treasurers (SCT) and the Police & Crime Commissioners Treasurers' Society (P&CCTS), £10.5m of earmarked funds held on behalf of others, and £53.3m held under S256 for NHS Somerset. Of this, £179.25m was cash investment, whilst the remaining £116.5m was held in Strategic Pooled Funds.

The main objective of treasury activity for the beginning of the year was to limit new medium to longer-term borrowing whilst reviews of both strategic pooled funds and non-treasury commercial investments were carried out.

Debt balances were reduced by aggregate repayment of short-term loans and the repayment of 3 x £5m LOBO loans that opted to raise the rate (we then exercised our option to repay).

Investment balances were also reduced, to fund the reduction in debt. Treasury Advisors Arlingclose had advised a 35-day limit for new bank deposits, so bank and Local Authority (LA) deposit maturities were allowed to run off as and when debt repayments were due.

The debt portfolio as at 30th September was £656.2m at an average rate of 3.92%. Short-Term variable debt was reduced by £79.5m, and 3 x £5m LOBO loans were repaid.

Of the circa £32.1m annual budgeted debt interest for the year, £12.9m has been incurred to 30th September. However, with little investment left to mature, more debt will be refinanced/taken in the second half of the year.

During the six months, gross investment balances averaged £294.6m (£177.19m net of funds held for others), yielding 4.81% for the period including Pooled Funds. The cash return (net of Pooled Funds) of 4.58% was 0.22% lower than the average base rate, and 0.28% below the 1-month SONIA rate (a benchmark rate at which Banks will lend to each other). A below benchmark return is practically inevitable in a rapidly rising interest rate environment.

Income of £7,111,616 (£6,596,800 net of that apportioned to the LEP and external bodies) has been earned in the period, more than originally budgeted for, as interest rates have risen much faster than anticipated. However, with

reduced investment balances to provide income in the second half of the year, this will likely fall below budget by year-end.

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

Recommendations

2. That the Executive approves the report as being in compliance with the CIPFA Code of Practice for Treasury Management and recommends it to Full Council at the next available meeting.

Reasons for recommendations

3. The Local Government Act 2003 requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.
4. The Code requires Full Council to receive as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close. This is the mid-year review for the 2023-24 financial year.

Other options considered

5. None. The adoption of the Treasury Management mid-year review for 2023-24 is a regulatory requirement.

Links to Council Plan and Medium-Term Financial Plan

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

Financial and Risk Implications

7. There are no specific financial or risk implications associated with this outturn report. The risks associated with Treasury Management are dealt with in the Annual Treasury Management Strategy, Annual Investment Strategy, and Treasury Management Practice (TMPs) documents.

Legal Implications

8. Treasury Management must operate within specified legal and regulatory parameters as set out in the summary, and in more detail in the TMPs.

HR Implications

9. There are no HR implications.

Other Implications:

Equalities Implications

10. There are no equalities implications.

Community Safety Implications

11. There are no community safety implications.

Climate Change and Sustainability Implications

12. There are no climate change or sustainability implications.

Health and Safety Implications

13. There are no health and safety implications.

Health and Wellbeing Implications

14. There are no health and wellbeing implications.

Social Value

15. Not applicable

Scrutiny comments / recommendations:

16. The Audit Committee is the body responsible for ensuring effective scrutiny of the treasury management strategy and policies. They approved the Treasury Management strategy for the year and have recently approved updated Treasury Management Practices.

Background

17.1 Economic Background

UK inflation remained stubbornly high over much the period, keeping expectations of how much further the Bank of England (BoE) would hike rates

elevated. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.4%, beating expectations of a 0.2% increase. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

July unemployment data showed the rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate.

Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest rate forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected. The lagged effect of monetary policy together with the

staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households.

The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.

The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.

Financial market sentiment and bond yields remained volatile throughout the period but had trended downwards in September as there were signs inflation, while still high, was moderating and interest rates were at a peak.

Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.71% over the period.

Gilt yields have a direct correlation to Public Works Loan Board (PWLB) rates. Rates drifted sideways from April to June, and after a slight peak, returned to April levels in July. As the inflationary picture became clearer, rates climbed steeply at the back end of August and through September. This is clearly shown in Tables 2 and 3 and the graph in Appendix A.

Sterling Overnight Interbank Average (SONIA) money market rates moved up during the period, anticipating gradual base rate rises.

The 1-month, 3-month, 6-month, and 12-month SONIA rates averaged 4.86%, 5.16%, 5.45%, and 5.77% respectively over the period, and ended the period at 5.22%, 5.51%, 5.63%, and 5.77% respectively.

Lending, and conversely borrowing rates between Local Authorities have unusually been elevated in relation to market rates, as demand has generally outstripped supply. The issuance and talk of Section 114 notices has meant lenders have a stronger hand and have become more selective about who they

lend to. Some have declined to lend to Somerset Council. The effect that economic conditions had on money market rates during the period, can be seen in Table 1, Appendix A.

17.2 Debt Management

The Council's need to borrow for capital purposes is determined by the capital programme. Council Members are aware of the major projects identified within the Capital Programme approved in February 2023. This was followed by revised programmes for the General Fund and HRA that were approved at full Council in September which included the slippage in capital spend from all five legacy Councils.

The opening General Fund CFR for Somerset Council is £924.27m and the HRA £182.2m. These figures represent the underlying need to borrow for capital for the new authority. It is expected that further borrowing of £136.7m for the General Fund will be required over the period of the new programme.

On top of possible new borrowing, £203.5m of short-term borrowing and £17.2m of PWLB loans were due to mature during the year; and as interest rates were expected to move higher, the possibility that LOBOs would exercise their options became more likely.

Table 1 – Legacy Debt Portfolios by Council 31st March 2023

£m	MDC	SDC	SWT	SSDC	SCC	Total
Intra Unitary	0.00	34.00	6.00	13.00	00.0	53.00
Local Authority	0.00	10.00	78.00	118.50	0.00	206.50
PWLB	62.79	66.35	87.50	0.00	159.05	375.69
Fixed rate bank	0.00	0.00	3.00	0.00	57.50	60.50

LOBO bank	0.00	0.00	0.00	0.00	108.00	108.00
Total	62.79	110.35	174.50	131.50	324.55	803.69

Table 2 – Debt Portfolio movement 31st March 2023 to 30th September

General Fund	Balance on 01-04-2023 £m	Debt Matured / Repaid £m	New Borrowing £m	Balance on 30-09-2023 £m	Increase/ Decrease in Borrowing £m
Intra-Unitary Loans	53.00	-53.00	0.00	0.00	-53.00
Short Term Borrowing	191.50	-171.50	97.00	117.00	-74.50
PWLB	239.84	0.00	0.00	239.84	0.00
LOBOs	108.00	-15.00	0.00	93.00	-15.00
Fixed Rate Loans	57.50	0.00	0.00	57.50	0.00
Total General Fund	649.84	-239.50	97.00	507.34	-142.50
HRA					
Short Term Borrowing	15.00	-5.00	0.00	10.00	-5.00
PWLB	135.85	0.00	0.00	135.85	0.00
LOBOs	0.00	0.00	0.00	0.00	0.00
Fixed Rate Loans	3.00	0.00	0.00	3.00	0.00
Total HRA	153.85	-5.00	0.00	148.85	-5.00
Total	803.69	-244.50	97.00	656.20	-147.50

Table 3 – Debt Interest

	01-04-2023	30-09-2023	Increase/ Decrease Rate
	Rate	Rate	%
	%	%	%
Short Term Borrowing	2.47	4.43	+1.96
PWLB	3.42	3.42	0.00
LOBOs	4.74	4.75	+0.01
Fixed Rate Loans	4.70	4.70	0.00
Total Borrowing	3.45	3.92	+0.47

A key determinant of borrowing strategy was to be the review of the £116.5m of pooled funds held, and the circa £250m non-treasury investment portfolio. The strategy was therefore to refinance or take any required new debt whilst balancing the needs of budgets and introducing the least possible risk into the long-term debt portfolio.

There was a substantial rise in the cost of both short- and long-term borrowing over the period, with Bank Rate rising by 1% from 4.25% at the beginning of April to 5.25% at the end of September.

UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023-24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels.

With borrowing rates rising and then plateauing during the period, it was deemed to be more cost effective in the short-term to use internal resources, and or to borrow short (1-2 years) via the LA market. As medium-term PWLB loans (6-10 years) were generally lower than short and long-term rates, a proportion of loans from the PWLB in this period could provide a suitable

balance to the risk of holding too much short-term borrowing, or in the event that the intra-LA market suffered a lack of liquidity.

During the period, investments were allowed to mature, to pay down short-term borrowing maturities, to reduce the need to refinance. £176.5m of short-term loans were repaid, with 12 new short-term loans totalling £97m being taken out. 3 x £5m LOBOs were repaid after the option to raise their rate was exercised. No new PWLB loans were taken as rates remained elevated.

The overall rate paid on SC loans remained unchanged for the PWLB portfolio of £375.696m, at 3.42%. The average Market Loan rate at 30th September (LOBOs + Barclays, total £153.5m) was 4.75%, rising slightly as loans with lesser rates were repaid. The cost of refinancing short-term debt meant an average of 4.43% at period-end, a rise of 1.96%, albeit on reduced balances. The combined average rate was 3.92% on £656.2m.

Initial budgeted debt interest for the year for the general fund was £32.12m, meaning that the £10.56m paid to date is £5.5m under budget. However, with little investment to mature, more debt will be refinanced/taken in the second half of the year, and it will be more expensive. This will likely eat into any underspend by year-end.

17.3 Investment Activity

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

Security of capital remained the Council's main investment objective. This was achieved by following the counterparty policy as set out in the Annual Investment Strategy, and by the approval method set out in the Treasury Management Practices. Counterparties having approval for use during the period are listed in Table 4 below. Those used during the first half of the year are denoted with a star. Few Banks have been used during this period, as Arlingclose restricted their maximum duration advice on all counterparties to 35 days, and maturities were used to pay down debt.

Table 4 - Approved Counterparties

Bank or Building Society		Sterling LVNAV Money Market Funds	
Australia & NZ Bank	*	Deutsche MMF	*
Bank of Scotland		Invesco Aim MMF	*
Bank of Montreal		Federated Prime MMF	*

Bank of Nova Scotia		Insight MMF	*
Barclays Bank Plc		Aberdeen Standard MMF	*
Canadian Imperial Bank of Commerce		LGIM MMF	*
Commonwealth Bank of Australia		SSGA MMF	*
DBS Bank Ltd	*	Aviva MMF	*
DZ Bank		Other Counterparties	
HSBC Bank		Other Local Authorities (Number of Deals)	* (12)
Landesbank Hessen- Thuringen	*	Debt Management Office	
Lloyds Bank	*	Strategic Pooled Funds	
National Australia Bank		CCLA Property Fund	*
National Bank of Canada	*	RLAM Bond Fund	*
National Westminster	*	M&G Bond Fund	*
Nationwide BS		Aegon Diversified Fund	*
Nordea Bank	*	CCLA Diversified Fund	*
OP Corporate Bank		Fidelity Equity Fund	*
Oversea-Chinese Banking Corporation (Singapore Bank)		Columbia Threadneedle Bond Fund	*
Rabobank		Ninety-One Diversified Fund	*
Royal Bank of Scotland		Paydon & Rygel Bond Fund	*
Santander UK	*	RLAM Short-Term Fund	*
Standard Chartered Bank	*	Schroder Equity Fund	*
Handelsbanken Plc		UBS Equity Fund	*
Bank or Building Society (Continued)			
Toronto-Dominion Bank	*		

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

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

Counterparty Update

Following concerns of a wider financial crisis after the collapse of Silicon Valley Bank, and the purchase of Credit Suisse by UBS, in March our advisors Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance was maintained to the end of the period.

During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.

Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.

Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

The Council continued to monitor and assess credit default swap levels for signs of ongoing credit stress. Heightened market volatility is expected to

remain a feature, at least in the near term and, as ever, the institutions and durations on the Council's counterparty list recommended by treasury management advisors Arlingclose remain under constant review.

Liquidity

In keeping with guidance from the Department for Levelling-Up, Housing and Communities (DLUHC) the Council maintained a sufficient level of liquidity through the use of call accounts, Money Market Funds, and short-term deposits.

122 cash deposits totalling just over £859m were made during the first half of the year, mostly placed with Money Market Funds with daily liquidity.

SC, in managing an average of approximately £117.5m of money held on behalf of external bodies, has needed to retain more liquidity than normal, as forecasting and timing of Capital and LEP spending has been difficult. Deposits were kept short in line with Arlingclose advice, and also because debt maturities were repaid, and to cover the possibility of LOBOs calling and being repaid.

Yield

There were three increases in Bank Rate over the period under review from 4.25% to 5.25%. Short-dated cash rates, which had ranged between 4.17% for overnight money, and 4.89% for 12-month money at the beginning of the period, rose by around 1% for overnight maturities and by nearly 0.88% for 12-month maturities.

At certain points during the summer the market expected base rate to rise to over 6%, but as inflationary worries eased in September, markets paused to reassess, and it was thought that a base rate of 5.25% was at, or at the very least, near the top of the rate cycle.

Cash

As at 30th September Cash investment stood at £66.45m averaging just over £178m for the year-to-date. Cash had an average return for the year-to-date of 4.58%. The return of 4.58% was 0.22% lower than the average base rate, and 0.58% below the 3-month SONIA rate (a benchmark rate at which Banks will

lend to each other). A below benchmark return is practically inevitable in a rapidly rising interest rate environment.

A total of just under £4.09m (£3.575m net of that paid to the LEP and external bodies) has been earned in Cash interest in the first six months of the year. Cash administration charges and other Treasury Management fees brought in approximately £50k of income in the period.

Pooled Funds

As at 31st March 2023, combined, the 5 Councils held £116.5m in Pooled Funds. The list below shows the funds, the categories, and the original investment value of each fund.

Cash Plus Funds

Payden & Rygel Sterling Reserve Fund - £2m

Royal London Short-Term Fixed Income Enhanced Fund - £2m

Fixed Income

Columbia Threadneedle Strategic Bond Fund - £7m

M&G £ Corporate Bond Fund - £15m

RLAM Investment Grade Short Dated Credit Fund - £15m

Equity

Fidelity Global enhanced income (Global Equity) - £250,000

Schroder Income Maximiser Fund - £16.25m

UBS Global Income Fund - £5m

Property

CCLA Property Fund - £31m

Multi-Asset

Aegon Diversified Monthly Income Fund - £7m

CCLA Diversified Income Fund - £3m

Ninety One Diversified - £13m

For existing longer-term investors in fixed income securities, the prospect of a higher-for-longer rate environment weighed on sentiment. Yields rose in Q2 2023 on the expectation that central banks would continue hiking rates but fell in August as investors grew confident that policy rates were close to their peak.

This affected capital values of the Council's longer-dated bond funds during the six-month period and, to a lesser extent, the multi-asset funds where there was some offset from equity performance.

Investor sentiment for UK commercial property was more settled than in Q3 and Q4 of 2022 when the sharp rise in bond yields resulted in a big fall in property valuations. There were signs of returning investor interest, occupier resilience and a perception that the downturn in commercial real estate may be bottoming out. It helped rental income and led to some stabilisation in capital values. However, the combination of high interest rates and bond yields, higher funding costs and the prospect of sluggish economic growth continue to constrain the outlook for commercial property.

The combination of the above continues to have a negative effect on the combined value of the Council's strategic funds. As at 30th September 2023 the Net Asset Value of all the funds was £100,885,869. The unrealised losses (no actual losses would be incurred until assets were sold) are evenly spread across all funds and categories, with the exception of the Cash Plus funds. The average yield at 30th September was 5.22%

The review of strategic pooled funds has concluded that a large proportion of holdings will be sold as and when appropriate, taking into account potential losses incurred, ongoing diversification of portfolio, and liquidity of assets. It has not yet been fully decided as to what if any level of holdings will be retained.

Combined

Combined return for the period has been 4.81% on an average balance of £294.6m. This figure includes approximately £13.9m of cash managed on behalf of the Local Enterprise Partnership (LEP), £10.5m of Earmarked Funds held on behalf of other decision-making bodies, £84.3m held as S256 money for NHS Somerset, and £8.8m of other external bodies (e.g. Exmoor National Park (ENP), and South West Councils (SWC)). Total investment income was just over £7.11m (£6.60m net of external investors).

Initial budgeted income for the year to date was £13m, meaning that the £6.60m (net of that paid to external bodies) is on budget. However, with reduced investments to provide income, this will likely fall below budget by year-end.

Figures below highlight Legacy investment portfolios by Council, Table 5, Investment figures and returns for period, Table 6, Balances by type – Table 7, and a breakdown of investment balances by source – Table 8: -

Table 5. Legacy Investment Portfolios by Council 31st March 2023

£m	MDC	SDC	SWT	SSDC	SCC	Total
Money Market Funds	15.20	4.40	0.00	0.00	16.75	36.35
Notice Bank Accounts	0.00	1.60	0.00	0.00	0.00	1.60
Bank deposits	5.00	0.00	0.00	0.00	70.00	75.00
Intra unitary deposits	5.00	0.00	0.00	0.00	48.00	53.00
Time Deposits - LAs	0.00	0.00	1.30	0.00	65.00	66.30
Strategic Funds*	0.00	31.00	17.00	23.50	45.00	116.50
Total	25.20	37.00	18.30	23.50	244.75	348.75

- Strategic Funds are shown at cost.
- On 1st April £53m of Intra-Unitary deposits were effectively quashed, so leaving a balance of £295.75m

Table 6 – Investment figures and returns for period.

	Balance 1 April 2023 £m	Rate of Return at 1 April 2023 %	Balance as at 30 Sept 2023 £m	Rate of Return at 30 Sept 2023 %	Average Balance April to Sept £m	Average Rate April to Sept %
Cash	179.25	3.81*	64.50	5.18	178.09	4.58

Pooled Funds	116.50	4.89	116.50	5.22	116.50	5.17
Total Lending	295.75	4.27	182.95	5.20	294.59	4.81

*Somerset County Council rate

Table 7 – Investment balances by type

	1 April 2023 £m	30 Sept 2023 £m	Change £m
Money Market Funds	36.35	26.45	-9.90
Bank Call Accounts	0.00	0.00	0.00
Bank Notice Accounts	1.60	20.00	+18.40
Time Deposits – Banks	75.00	0.00	-75.00
Time Deposits – LAs	66.30	20.00	-46.30
Pooled Funds	116.50	116.50	0.00
Total Investments	295.75	182.95	-112.80

Table 8 – Breakdown of investment balances by source

	01 April 2023 £m	30 Sept 2023 £m	Change £m
ENPA/SWC/SCT/P&CCTS	8.15	8.51	+0.36
LEP	15.36	12.45	-2.91
Earmarked Funds held on behalf of other decision-making bodies	10.89	10.02	-0.87
NHS Somerset S256	97.74	53.27	-44.47

Total external	132.14	84.25	-47.89
SC	163.61	98.70	-64.91
Total	295.75	182.95	-112.80

17.4 Compliance and Prudential Indicators

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

SC has continuously proactively assessed and implemented mitigation for the risks that have materialised in the new investment environment.

Controls/procedures are constantly being assessed and introduced/adapted where needed and embedded into practices to further mitigate risks to SC investment and borrowing portfolios.

SC has complied with its Prudential Indicators for 2023-24. Those indicators agreed by Full Council and actual figures as at 30th September are included below:

	2023-24 £m	As at 30-09 £m
Authorised limit (borrowing only)	1,039.4	670.1
Operational boundary (borrowing only)	1,004.4	670.1

Maturity structure of borrowing

	Upper Limit	Lower Limit	As at 30-09-23
Under 12 months	50%	15%	32.49%
>12 months and within 24 months	25%	0%	7.76%
>24 months and within 5 years	25%	5%	11.76%
>5 years and within 10 years	25%	0%	7.12%
>10 years and within 20 years	25%	0%	5.55%
>20 years and within 30 years	20%	0%	6.36%
>30 years and within 40 years	30%	10%	22.36%
>40 years and within 50 years	15%	0%	6.15%
50 years and above	5%	0%	0.45%

	2023-24 £m	As at 30-09 £m
Prudential Limit for principal sums		

invested for periods longer than 365 days	160	116.5
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Credit Risk Indicator

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

Credit risk indicator (Number to be below target)	Target	Actual
Portfolio average credit rating (score)	A (6)	A+ (4.65)

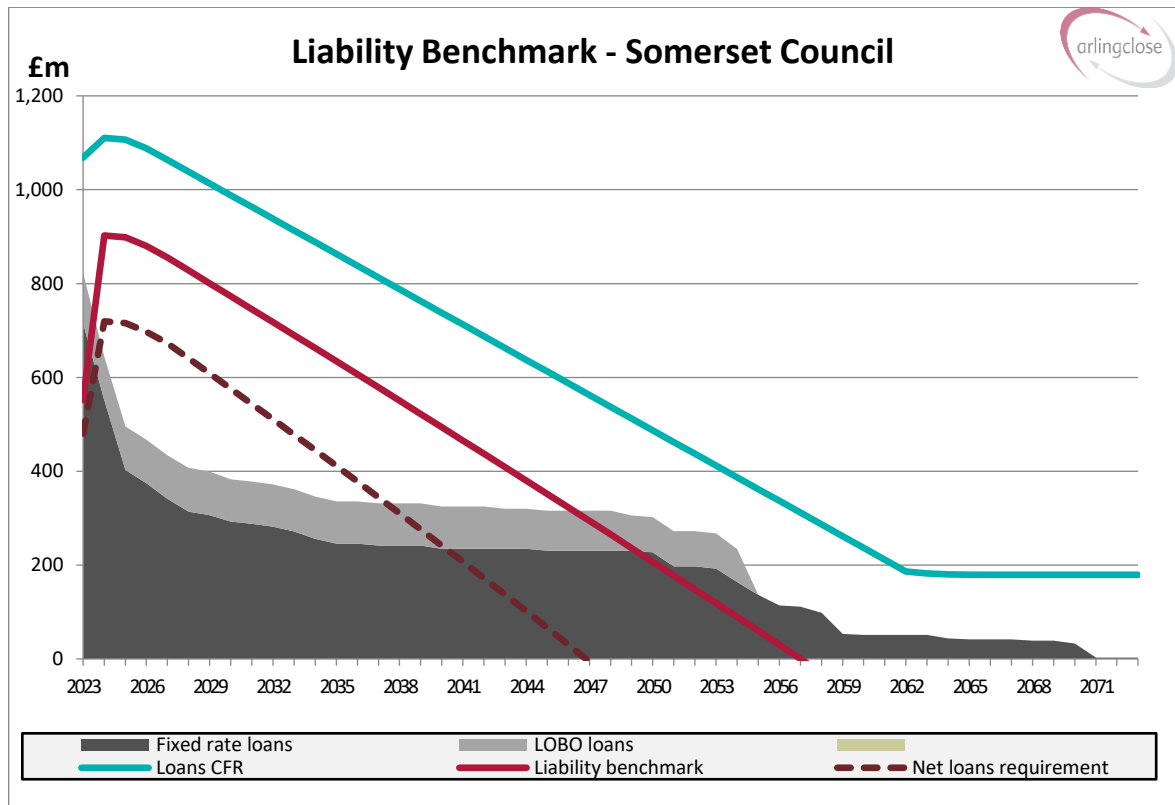
Liability Benchmark

This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at a pre-determined minimum level required to manage day-to-day cash flow (including allowances for certain contingencies).

The concept is that the chart below allows a comparison of current borrowing against the need to borrow, looking at both the amount (on the y axis) and the term (on the x axis). Where actual loans exceed the Liability Benchmark, the authority can make long-term investments for cash flow management or repay loans early; where the Liability Benchmark exceeds loans, the authority can take long-term borrowing or sell investments.

There is no requirement to borrow exactly to the Liability Benchmark, but a decision to borrow more or less, or longer or shorter, than the Liability Benchmark implies a deliberate decision to accept additional risk. This may be entirely appropriate if it is accompanied by a reduction in cost, for example through short-term borrowing at lower margins. The Liability Benchmark provides the tool for local authorities to measure this risk and make such risk/reward decisions openly and explicitly.

The graph clearly shows there is a need to borrow quite significant sums out to a period of 12 or so years. Another course of action would be to sell investments, or more probably, a combination of the two.



17.5 Outlook for Quarters 3 & 4

UK inflation and wage growth remain elevated, but the August CPI data suggested that inflation was falling more rapidly. The UK economy has so far been resilient. However, recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite.

In a narrow 5-4 vote, the MPC took the opportunity to hold rates at 5.25% in September, a level many now see as the peak.

Policy rates are expected to remain at the peak for another 10-12 months. It is anticipated that the MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second round effects.

Arlingclose see rate cuts from Q3 2024 to a low of around 3% by early 2026. • The immediate risks around Bank Rate lie to the upside, but these diminish

over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.

Arlingclose expects long-term gilt yields to eventually fall from current levels reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, partly due to quantitative tightening, with continued elevated volatility.

With many Councils facing overspends in 2023-24, there is likely to be reduced liquidity in the LA to LA cash market, particularly around financial year-end. Those with cash to lend will be able to be more selective about who they lend to. Many have already declined to lend to Somerset Council due to adverse financial publicity.

Whilst other sources of borrowing will be pursued, it is likely that the PWLB will be substantially used towards the end of the year.

Table 9 – Base Rate forecast to 2026.

	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25
Upside Risk	0.00	0.25	0.50	0.75	0.75	0.75
Base Rate	5.25	5.25	5.25	5.00	4.75	4.25
Downside Risk	0.00	-0.25	-0.50	-0.75	-1.00	-1.00

	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26	Sept 26
Upside Risk	0.75	0.75	0.75	0.75	1.00	1.00
Base Rate	4.00	3.75	3.50	3.25	3.00	3.00
Downside Risk	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

Background papers

18. Treasury Management Strategy Statement 2023-24 and appendices. These were approved by Full Council prior to the start of the 2023-24 financial year.

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

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	27/11/23
Communications	Peter Elliot	24/10/23
Finance & Procurement	Jason Vaughan	25/10/23
Workforce	Alyn Jones	27/11/23
Asset Management	Oliver Woodhams	23/10/23
Executive Director / Senior Manager	Jason Vaughan	25/10/23
Strategy & Performance	Alyn Jones	27/11/23
Executive Lead Member	Liz Leyshon	27/11/23
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Mandy Chilcott	Sent 27/11/23
Scrutiny Chair	Bob Filmer	Sent 27/11/23
Audit Chair	Mike Hewitson	Sent 27/11/23

Money Market Data and PWLB Rates

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

Table 1: Bank Rate, Money Market Rates -SONIA (Sterling Overnight Interbank Rates)

Date	Bank Rate	O/N SONIA	7-day SONIA	1-month SONIA	3-month SONIA	6-month SONIA	12-month SONIA
01/04/2023	4.25	4.17	4.20	4.11	4.43	4.59	4.89
30/04/2023	4.25	4.17	4.20	4.37	4.70	4.93	5.17
31/05/2023	4.50	4.42	4.45	4.54	4.95	5.21	5.56
30/06/2023	5.00	4.90	4.91	5.02	5.42	5.90	6.38
31/07/2023	5.00	4.91	5.10	5.27	5.48	5.80	6.17
31/08/2023	5.25	5.17	5.18	5.31	5.52	5.82	6.05
30/09/2023	5.25	5.19	5.19	5.22	5.51	5.63	5.77
Minimum	4.25	4.06	4.20	4.11	4.39	4.53	4.86
Maximum	5.25	5.19	5.35	5.49	5.59	5.95	6.60
Average	4.80	4.71	4.76	4.86	5.16	5.45	5.77
Spread	1.00	1.13	1.15	1.38	1.20	1.42	1.74

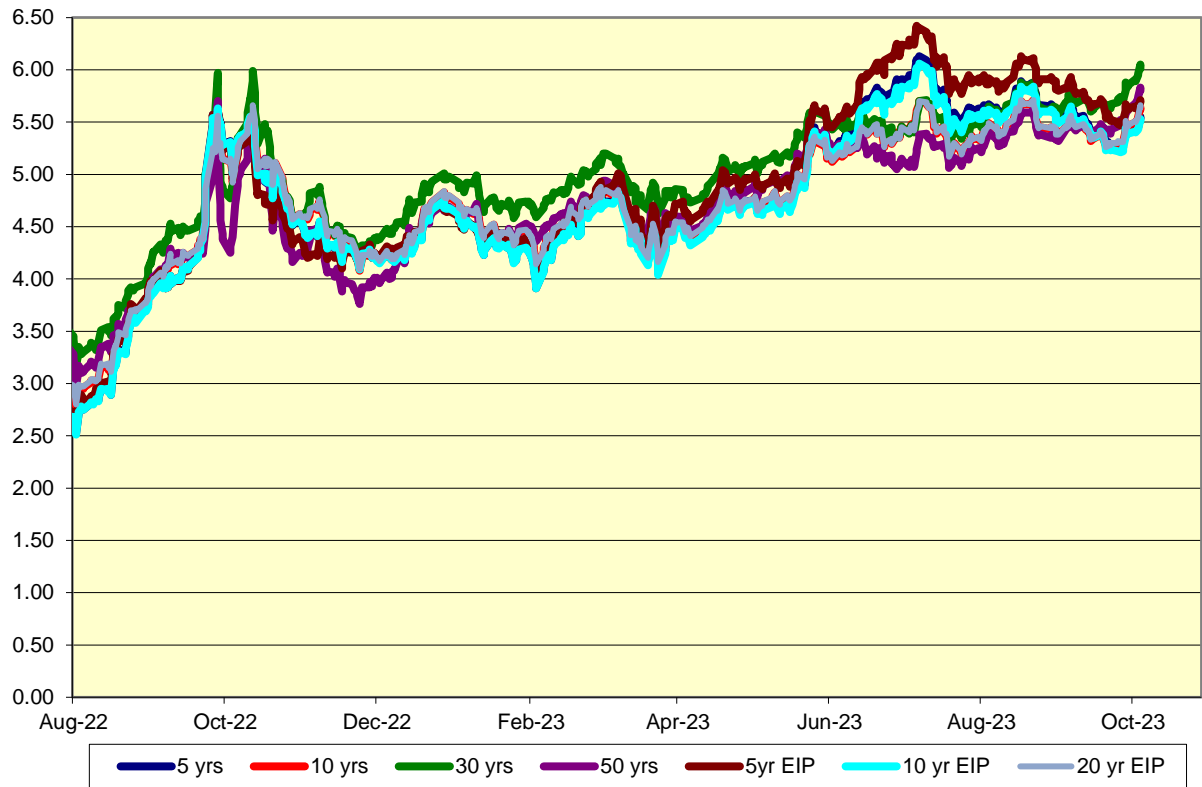
Table 2: PWLB Borrowing Rates – Fixed Rate, Equal Instalment of Principal (EIP) Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2023	128/23	4.74	4.50	4.54	4.78	4.48	4.89
30/04/2023	163/23	4.94	4.70	4.74	4.98	5.09	5.10
31/05/2023	203/23	5.45	5.20	5.16	5.37	5.48	5.49
30/06/2023	247/23	6.24	5.84	5.45	5.52	5.56	5.53
31/07/2023	289/23	5.85	5.53	5.34	5.48	5.55	5.53
31/08/2023	333/23	5.81	5.50	5.38	5.56	5.64	5.64
30/09/2023	375/23	5.63	5.39	5.47	5.72	5.85	5.87
	Low	4.55	4.32	4.41	4.66	4.78	4.78
	High	6.42	6.06	5.71	5.87	5.94	5.92
	Average	5.61	5.32	5.22	5.40	5.49	5.48
	Spread	1.87	1.74	1.30	1.21	1.16	1.14

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

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2023	128/23	4.53	4.53	4.89	4.85	4.72	4.60
30/04/2023	163/23	4.73	4.72	5.09	5.07	4.95	4.84
31/05/2023	203/23	5.21	5.15	5.48	5.47	5.39	5.29
30/06/2023	247/23	5.91	5.45	5.56	5.45	5.28	5.15
31/07/2023	289/23	5.59	5.33	5.55	5.49	5.37	5.25
31/08/2023	333/23	5.55	5.38	5.64	5.60	5.47	5.33
30/09/2023	375/23	5.42	5.46	5.84	5.85	5.76	5.62
	Low	4.34	4.4	4.78	4.73	4.59	4.46
	High	6.13	5.71	5.94	5.88	5.78	5.65
	Average	5.36	5.21	5.49	5.44	5.32	5.19
	Spread	1.79	1.31	1.16	1.15	1.19	1.19

Movements in PWLB rates (August 2022 - September 2023)



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Decision Report - Executive Decision

Forward Plan Reference: FP/23/

Decision Date – 06 December 2023

Key Decision – No



2024/25 General Fund Revenue Budget & Capital Programme update

Executive Member(s): Cllr Liz Leyshon Deputy Leader of the Council and Lead Member on Resources and Performance

Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Executive Director – Resources & Corporate Services (Section 151 Officer)

Author: Jason Vaughan, Executive Director – Resources & Corporate Services

Contact Details: jason.vaughan@somerset.gov.uk

Summary

1. The very stark and challenging financial position that the Council faces is well documented, with the cost of delivering services increasing significantly faster than the income it receives. The Council cannot continue to provide and operate services in their current format and rapid, radical, change is required if it is to become financially sustainable. The November 2023 Executive received an update on the development of the 2024/25 revenue budget which set out that there was a forecast budget gap of £100m. Given the significant gap and the relatively low level of reserves, there is the very real prospect of the Section 151 Officer having to issue a statutory section 114 notice if things do not significantly improve. As a result of this, the Council declared a financial emergency and this report provides an update on the progress in reducing the budget gap.
2. The latest forecast is that the budget gap has reduced to £87m as a result of reviewing budget pressures, identification of further potential savings and reducing the size of the capital programme. Further work will continue, and updates made to the forecast, such as for the local government finance settlement, with an update coming to the January 2024 Executive meeting and final proposals coming to the February 2024 Executive for recommendation to Council. Indications from the Autumn Statement on 22 November 2023 are that there will be real term reductions for Local Government rather than increased spending. There is a significant amount of work taking place to reduce the budget gap, however, the Council will not be able to set a balanced budget for 2024/25 without Government support through a capitalisation direction. There have been some initial discussions with the Department of Levelling Up, Housing and Communities (DLUHC) over this and the recommendation is that the council formally requests a capitalisation direction. This would enable the Council to capitalise an amount of revenue expenditure and either borrow or use asset sales to finance it.

3. The Financial Strategy was approved by the Executive in July 2023 and focused upon delivery of a sustainable council over the medium term and required:
 - early action on 17 Key Areas,
 - a review of all the MTFP assumptions, and
 - all services setting out a full range of budget options.

4. As reported previously, progress against this has been slow and with the current year's projected budget overspend and the forecast budget gap of £100m the focus has been on:
 - Reducing the current year's overspend
 - Reviewing and reducing budget pressures
 - Identifying further saving options
 - Reducing the capital programme and bids for new schemes
 - Maximising funding & income to the council
 - Generating capital receipts from asset disposals
 - Reviewing Earmarked Reserves and repurposing them to support the budget on a one-off basis
 - 'Right Sizing' of the organisation (workforce transformation) to enable it to become financially sustainable in the future
 - Working with DLUHC on a capitalisation direction

5. The month six budget monitoring report, which is included on the agenda, is projecting an overspend for 2023/24 of £18.7m (3.8%), with Adults and Children's Services overspending by £27.3m and the rest of the council being underspent by £8.6m. The corporate measures put in place to reduce the in-year overspend through the various control boards and placement panels is starting to have an impact and progress will be monitored closely during the rest of the financial year. Any overspend will need to be funded from the £49.8m of General Reserves and has the impact of reducing the amount that could be available to support the 2024/25 budget and increase the level of borrowing the Council will require, further increasing costs.

6. An initial review of the Earmarked Reserves from the five predecessor councils has been undertaken and £36.8m of these can now be repurposed and made available as a one-off to support the 2024/25 budget. The use of this level of reserves is unprecedented and will also have a detrimental impact on cash flow, increasing treasury management costs by approximately £1.0m in 2024/25 and £2.0m on an ongoing basis. Further work on reviewing the reserves will continue and an update will be included in the February 2024 report as part of the final budget proposals.

7. The use of a capitalisation direction will add to the Council's financial pressures, any Council borrowing from the PWLB will have a premium of 1.0% and the Capital used will need to be repaid over a 20-year period from 2025/26. A capitalisation direction of for example £40m, would cost the Council £2m per annum (pa) in minimum revenue provision (MRP) and approximately £2.4m pa in interest from 2025/26, £4.6m pa in total (£1.2m in 2024/25 as a part-year effect) unless this can be funded from asset sales. If the gap is not resolved for 2025/26 then another capitalisation direction would need to be sought, further adding to pressures.

8. The cost of using £36.8m of reserves and a capitalisation direction of £40m to balance the budget, without asset sales to finance them would therefore cost approximately £6.6m pa from 2025/26.

Recommendations

9. That the Executive:
 - a) Endorses and recommends to December's Full Council that the Council notes that it has declared a financial emergency and endorses the range of actions and mitigations being taken forward. Furthermore, that the Council fully supports the Executive and Senior Officers to continue its discussions with the Department for Levelling Up, Housing and Communities (DLUHC) and formally requests a capitalisation direction in order to set the 2024/25 budget.
 - b) Approves a consultation and engagement process on Council Tax and potential service changes with the public and business sectors in line with the proposals set out in this report.
 - c) Approves the re-allocation of the Earmarked Reserves as set out in Appendix 1 and receives a further update in February 2024.
 - d) Receives the draft 2024/25 budget proposals at the January Executive including details of the savings proposals and finance settlement for the council.
 - e) Notes the 'Vision for a sustainable Somerset Council' and approves that an outline Business Case is developed for the January 2024 Executive meeting.
 - f) Notes the review of the 2023/24 capital programme and the review of new bids for 2024/25 schemes with the full details being included in the report to Executive in January 2024 for approval by February 2024 Council.

Reasons for recommendations

10. To ensure that the Council can set a balanced budget for 2024/25.

Other options considered

11. As this is an update report on progress in reducing the forecast budget gap for 2024/25 there are no other options considered.

Links to Council Plan and Medium-Term Financial Plan

12. The 2023/24 Budget was approved by Council in February 2023 as part of the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan.

Financial and Risk Implications

13. There is a section of the report focused upon risks and Table 5 sets out the risks associated with the budget. It is clear that the scale of financial challenges facing the Council are significant. There is also more risk and uncertainty for the new Council until all the external audits of the 2022/23 accounts from the predecessor councils are finalised. Given the size of the updated budget gap, Strategic Risk ORG0057 Sustainable MTFP has the highest score possible:

Likelihood	5	Impact	5	Risk Score	25
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14. The financial impact of an overspend of £18.7m (as at Month 6) in the current financial year would result in a reduction in the level of General Reserves from £49.8m to £31.1m. This remains above the £30m minimum risk-based assessment of the reserves approved by Council in February 2023 but given that the reserves will not be able to be replenished and will reduce further in 2024/25 this adds to risk and uncertainty.
15. There have been regular all member monthly briefings on the budget, and these will continue until the February 2024 Council meeting.

Legal Implications

16. Section 31 of the Local Government Finance Act 1992 requires the Council to set a balanced budget at the start of each financial year. Section 28 of the Local Government Act 2003 requires all local authorities to review actual expenditure against this budget on a regular basis during the year. Where it appears that there has been a deterioration in the financial position, the local authority must take such action as is necessary to deal with the situation.
17. The Council's best value duty requires it to keep under review its services to ensure continuous improvement. This includes having a financial strategy and budgets which are clearly aligned with strategic priorities and a robust process for reviewing and setting the budget. There should be a robust system of financial controls and reporting to ensure clear accountability and a clear strategy to maintain adequate reserves. There should be collective accountability for the budget and MTFs both at officer and political level. Regular financial reporting to Executive and Scrutiny ensures members are aware of the issues during the year and the mitigating measures in place, as well as providing for public accountability.

HR Implications

18. A number of the potential savings proposals will have HR implications and the approved HR processes and policies will be followed.

Other Implications:

Equalities Implications

19. There are no specific equalities implications arising from the recommendation in this report. A number of the potential saving will require equalities impact assessments.

Community Safety Implications

20. There are no direct community safety implications arising from this report.

Climate Change and Sustainability Implications

21. There are no direct climate change and sustainability implications arising from this report.

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

24. There are no direct Social Value implications arising from this report.

Scrutiny comments / recommendations:

25. The Scrutiny for Corporate & Resources Committee considered the Financial Strategy in July 2023 and the update at their meeting on 9 November 2023. They will consider the draft 2024/25 Budget proposals at their meeting on 1 February 2024. Their comments and observations on the draft budget proposals will be considered by the Executive at their February 2024 meeting when they will finalise the budget proposals and make their recommendations on the 2024/25 budget to full Council.

Background

26. Full Council approved the 2023/24 Budget in February 2023, the first budget for the new Somerset Council. The budget was put together using the information from the five predecessor councils which all recorded budgets in different ways and it has become apparent that there are some areas where one-off sources of funding have been used to finance on-going expenditure, some items were not properly budgeted for and there was additional staffing employed over and above the staffing establishment budget.

27. The 2024/25 to 2026/27 Medium-Term Financial Strategy (MTFS) was approved in July 2023 and provides a strategic financial framework and a forward-looking approach to achieving financial sustainability for the Council. The financial forecast has been updated and reported to the November Executive and it set out that the estimated budget gap for 2024/25 assumed in the report to February Full Council had increased from £42m to £100m. As a result of this the Council has declared a 'financial emergency' and put in place a range of measures to address both the current year's forecast overspend and the forecast budget gap for 2024/25 and future years.
28. There have been regular Member briefings on the council's finances which started in August 2023 with Rob Whiteman, CEO of CIPFA giving some key messages on the financial challenges facing the sector and Mark Pickering, CEO of Arlingclose, setting out the economic outlook. There have been two monthly briefing sessions open to all members from September 2023 and these will continue through to February 2024 to ensure that all members are aware of the financial challenges that the Council faces.

Current Context

29. The Council's finances have been significantly impacted by national factors outside of its control such as inflation and interest rates, as well as having to deal with the challenges of bringing the five predecessor councils into one new organisation.
30. Inflation peaked at a 40-year high with CPI rising to 11.1% in October 2022, although we are now starting to see this decrease, to 4.6% in October 2023. These inflationary increases adversely impact upon the Council and the costs of the services which it provides. This is particularly evident in the care sector where cost increases have been significantly above the CPI inflation levels. The national staff pay award for 2023/24 has now been agreed at £1,925 and this is estimated to be equivalent to a 6.1% increase in the pay bill for the Council.
31. To bring inflation under control the Bank of England has been increasing interest rates and these have risen from 0.1% in November 2021 to the current rate of 5.25%. The Council is a net borrower and inherited a position of significant amount of short-term borrowing on 1 April of over £200m, and each 1% increase having a financial impact of £2m.
32. The LGR business case set out that £18.5m of on-going savings would be achieved with the costs of implementation being £16.5m. Staffing made up the majority of the savings with an expected reduction of 339 posts delivering £12.3m with £2.9m of senior management savings and £9.4m from staff savings across the services. To date £2.6m of on-going senior management savings have been achieved which was reported to Council in July 2023, but the delivery of the other staff savings has not been achieved. The other staff savings were profiled as being £1m in current year, £4m in 2024/25 and £4.4m in 2025/26. Service Directors have been holding vacancies to mitigate against non-delivery of £1m savings in the current year. Consideration will need to be given around the delivery of these savings

and how they relate to the future workforce transformation of the Council to ensure that there is no double counting.

33. A key area of activity for the finance team in the new council has been around the production of 2022/23 statement of accounts for the five predecessor councils. This includes having to address the inherited position of outstanding external audits on their accounts from 2020/21 and 2021/22. This is particularly important, not only in understanding the opening position for the new council, but also in providing independent external assurance around the finances. Good progress has been made on this, with all the 2020/21 statement of accounts now signed off and only South Somerset DC outstanding from 2021/22 (which is approaching completion). All five of the 2022/23 statements of accounts have been published and one of these has been signed off by the external auditors. A common feature of councils that have issued section 114 notices has been the number of prior year external audits that have not been completed with issues arising that were not known when setting budgets.
34. The LGA made a submission to the Chancellor ahead of the Autumn Statement concerning local government funding and made a number of key points including:
- Councils are still under intense financial pressure.
 - Councils face ongoing inflationary and pay pressures alongside spiking demand and market challenges in areas such as children’s social care and temporary accommodation. This is happening at a time of low financial resilience across the sector following a 27% real-terms reduction in core spending power since 2010/11. Government support is needed urgently to ensure local financial and service sustainability.
 - recognise there are some pressures that cannot wait as many councils are struggling to meet needs and still balance their budgets. For example:
 - Rising costs and demand pressures in children’s social care – budgets up by 13.6 per cent in 2023/24 compared to 2022/23 with further upward pressure on in-year spend.
 - Escalating costs of home to school transport for children with special educational needs and disabilities – budgets up by 23.3 per cent whilst pressures continue.
 - Increasing costs of homelessness services with multiple contributory factors, including asylum and resettlement, pushing budgets up by 19.9 per cent with pressures ongoing
 - A key issue is that while annual average inflation peaked in 2022/23 at around 10.0 per cent for the economy as a whole and is forecast to fall to an annual average of around 6 per cent in 2023/24, this is not necessarily the case for all councils. Where councils purchase goods and services through annual contracts these contract prices will often be uprated in 2023/24 based on inflation over the preceding 12 months. For these contracts councils will experience peak inflation in 2023/24.
 - Furthermore, in 2022/23 many councils had to deal with unfunded in-year pressures through one-off measures such as the use of reserves. While one-off measures

helped plug the gap in 2022/23 this was only temporary. Councils will have had to identify new recurrent savings or income to address these unfunded 2022/23 pressures in their 2023/24 budgets.

- This means that while the economy is forecast to be on the downward slope in terms of cost pressures in 2023/24, this is not necessarily the case for councils. They remain firmly in the eye of the inflationary storm in 2023/24 and will continue to be so in 2024/25
- Not only will this require the Government to provide additional funding but greater certainty on funding is also needed. Specifically, the Government should:
 - Provide long-term funding for local government that reflects current and future demands for services.
 - Ensure that funding is sufficient for councils to recruit and retain sufficient numbers of skilled staff and meet the demands of National Living Wage increases.
 - Adopt a renewed focus on prevention to address existing and future demand for services such as social care, homelessness support and community safety.
 - Provide multi-year and timely settlements for councils to allow them to plan and make meaningful financial decisions.
 - Provide clarity as soon as possible on funding streams in the 2024/25 settlement, such as the New Homes Bonus, where there are uncertainties.
 - Ensure that when the Review of Relative Needs and Resources takes place that the Review considers both the data and the formulas used to distribute funding and that the Government ensures that overall local government funding is sufficient when new needs formulae are introduced to ensure that no council sees its funding reduce as a result and that there are transitional arrangements for any business rates reset.
 - Consider alternative forms of income for local government including an e-commerce levy with the funding retained by local government

35. The County Councils Network (CCN) has recently published a budget analysis which reveals:
- Councils' additional cost pressures this year top £3.7bn from a combination of higher than expected inflation and demand, with councils now forecasting they will overspend their budgets in 2023/24 by £639m this year – an average of £16m per council.
 - Rising costs and demand totalling £319m in children's services account for almost half (45%) of the projected overspend. Adult social care (25% - £179m), education, transport – including home to school transport – and highways (22% - £154m), alongside housing (£24m – 3%), make up the bulk of the remaining additional in-year pressure.
 - Overspends have worsened an already challenging financial outlook. This year, councils' funding gap has grown to £1.6bn, with a further shortfall of £1.1bn in 2024/25 and £1.3bn in 2025/26, meaning a total funding shortfall of £4bn between

2023-2026. Over the course of the three-year period councils have pencilled in £2bn of savings and service cuts but this would only reduce the deficit by half.

- As a result of cost pressures soaring, and despite increased funding, council tax rises and £1bn worth of savings and cuts this year, councils are still forecasting a budget deficit of £603m in 2023/24, with the analysis showing 1 in 10 of these councils are unsure or not confident they can balance their budget this year.
- Faced with this bleak financial picture, councils' confidence in setting a balanced budget plummets further over the next two years. Some 4 in 10 of these councils are unsure or not confident they can balance their budget in 2024/25, with this increasing to 6 in 10 by 2025/26.

36. In its analysis published following the Autumn Statement, the Office for Budget Responsibility (OBR) also warned pressure on local authority budgets "will continue". It said 2022-23 was the first time since 2019-20 that local authorities had drawn on their reserves for current spending, using £2.3bn and it now assumes they will drawdown a further £1.5bn in 2023-24 and £0.8bn in 2024-25. Its previous forecast in March had assumed there would be no drawdown.
37. The analysis notes that 11 section 114 notices have been issued by local authorities since 2018, this includes Croydon that has issued three section 114 notices, compared with two between 2000 and 2018, but says the "direct impact on our forecast to date has been relatively small as the central government response to section 114s has been to allow affected local authorities to reallocate their capital budget towards day-to-day spending (a 'capitalisation direction') or to increase council tax rates".
38. However, the OBR warns that wider pressures on local authority finances still pose a risk to its forecast. It notes that local authority spending has fallen from 7.4% to 5% of GDP since 2010-11 and forecasts it will fall further to 4.6% in 2028-29. It adds: "Given local authorities' statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue."
39. The watchdog also forecasts a £4.5bn fall in borrowing for capital expenditure from its 2019-20 peak of £11.5bn to £7bn in 2028-29. It adds: "This reflects the financial pressures facing local authorities and higher interest rates on loans from the Public Works Loan Board, their principal source of financing."

Structural budget problem

40. The Council has a structural budget problem with its cost base increasing at a significantly higher rate than its income. The main source of income is Council Tax, which is £338m in the current year. The Council Tax charge for 2023/24 is based upon having one harmonised rate across Somerset with the total amount raised being based on the same amount generated in the five predecessor councils in 2022/23. Therefore, the current band D charge of £1,646.04 reflects the historical decisions from the predecessor councils. The increases in Council Tax are carefully controlled by government which it limits through the referendum

principles. For 2024/25 the indication is that Council Tax can increase by 2.99% and that there can be a further rise of 2% for the adult social care precept.

41. The Somerset Council charge for 2023/24 is lower than the majority of other unitary councils with:
- It being ranked 49 out of 63 for unitary councils
 - Average unitary charge £1,727.08, 4.9% or £81.04 higher than in Somerset
 - Charging the unitary average would generate an additional £16.7m per annum
 - Charging the same as the highest Council Tax, Nottingham City Council (£2,053) would generate an additional £83.7m per annum.
 - Charging the same as the other Southwest unitary councils would generate an additional:
 - Dorset Council (£1,906 – 15.8% higher) - £53.4m per annum
 - Cornwall Council (£1,803 - 9.5% higher) - £32.2m per annum
 - Wiltshire Council (£1,702 – 3.4% higher) - £11.5m per annum.

Development of the 2024/25 Budget Options

42. Following the approval of the Financial Strategy in July, services were tasked with identifying service budget options against the following headings:
- **Efficiency Savings** – Savings from LGR (being one council rather than five), changes in demand, innovation & procurement. Specific tasks are:

- Delivering the LGR Business case savings of £18.5m
 - Review of contracts as part of combining the five contracts registers into one
 - Reviewing and challenging demand and inflationary requirements

 - **Service levels** – Changing service levels - Gold, Silver, or Bronze standard or stopping the service altogether if it is not statutory as follows:

- Use of benchmarking information to inform the cost of services of comparable unitary councils
 - Consideration of service levels and what discretionary services are provided

 - **Alternative Service Delivery** – Providing the same service in a different way e.g., transformation savings, through a partner or VCFSE sector and specifically:

- To transform services as they are joined together maximising the use of digital technology and new ways of working to maximise efficiency

 - **Asset Management** – different use of assets, purchase, and disposal of assets as follows:

- Rationalisation of the corporate estate to reduce running costs and generate potential capital receipts or rental income.

- Minimise new capital bids by only considering fully externally funded schemes and those where there is a legal requirement (such as critical condition schemes to manage Health and Safety risks or maintain operations), and those where there is a robust and compelling invest-to-save business case, generating revenue savings.
- Reviewing the portfolio of commercial investments

- **Financing of Activities** – Capital, Revenue & Reserves as follows

- Review of current capital programme to deal with the impacts of inflation and focus on priority areas
- Reviewing options around the Flexible use of Capital Receipts for appropriately qualifying spend
- Review of Treasury Management activities covering both investment and borrowing activities
- Reviewing the use of reserves to smooth out the MTFP and delivery of savings.

- **Income Generation** – Grants, business rates, council tax and fees & charges.

- Increase income from a review of all fees and charges including further alignment of charges from the five councils
- Reviewing the finance settlement in terms of council tax, business rates, and other grants

43. The Council sets its fees and charges on an annual basis. These relate to services where the Council has local discretion over fee setting as well as for fees and charges that are set nationally. At this stage the modelling used makes an assumption that all locally set fees and charges will be increased by a minimum of CPI. Other above inflation increase will be proposed in specific areas where we believe there to be headroom.

44. There are a number of fees and charges that are set by Council on the basis of cost recovery only. We cannot therefore seek to make a profit from these, we can however pass on our increased costs due to inflation and again we have made an assumption that CPI will be applied to these charges. Finally, there are a number of fees and charges that are set nationally. We have no control over these and cannot exceed the charge set. Not all of these are known at this stage, but we have made some assumptions that form part of the modelling.

2024/25 Budget Forecast

45. Since the update last month there have been range of activities covering the following areas:
- A focus on reducing the in-year overspend by setting up control boards and strengthening placements panels.
 - Putting in place ‘mothballing’ arrangements for council offices in order to reduce in year costs.
 - Identification of a pipeline of future asset disposals.

- Carrying out 22 service challenge sessions with a focus on what actions they are taking in current year to help with the forecast overspend and what new savings options can they put forward.
- A deep dive into the Adults budget and reviewing the demand modelling assumptions using John Jackson, LGA national lead, and Newton Europe.
- Engaging Peopletoo to carry out a deep dive on Children’s Services. Reviewing and updating the demand modelling for children looked after.
- Reviewing and challenging all service pressures and their underlying assumptions.
- Reviewing the current capital programme and bids for new schemes in order to reduce borrow costs.

46. The impact of this activity has seen the budget gap reduce down to £87m.

Table 1 – 2024/25 Budget Gap – as at 23 November 2023

MTFP gap	2024.25 £m
Position in October 2023	100.2
Reductions in Pressures	(4.0)
New saving options	(12.0)
Changes in funding	2.4
Changes to Pay	2.5
Changes to Debt Costs	(2.1)
Updated Budget Gap – November 2023	87.0

47. In terms of services and funding this is summarised in **Table 2** below which sets out the 2023/24 budget, the October forecast, the November forecast, changes between the two forecasts and the change between the 2023/24 budget and the latest forecast.

Table 2 - MTFP Updated – as at November 2023

2023/24 Budget £m	Latest Position @ Nov 23	Feb 23 Forecast 2024/25 Budget £m	Oct 23 Forecast 2024/25 Budget £m	Nov 23 Forecast 2024/25 Budget £m
187	Adults Services	222	256	251
123	Children & Family Services	129	140	142
35	Community Services	35	40	33
87	Climate & Place	92	91	88
20	Strategy, Workforce & Localities	20	20	20
20	Resources & Corporate Services	22	20	21
1	Public Health	1	1	1
0	Local Government Reorganisation	(8)	(7)	(7)

6	Corporate Contingency	6	6	6
4	Accountable Bodies	4	4	4
	Corporate Areas			
15	- 23/24 & 24/25 Pay award	21	28	31
41	- Debt financing	50	55	53
10	- Other corporate cost	11	11	10
(56)	Special Grants	(65)	(66)	(66)
493	Net Budget Requirement	540	599	587
	Financed by:			
(8)	Revenue Support Grant	(9)	(9)	(9)
(4)	Flexible Use of Capital Receipts			
(122)	Business Rates	(130)	(130)	(132)
6	Business Rates Collection Deficit			
(7)	Council Tax Collection Surplus			
(295)	Council Tax	(307)	(307)	(307)
(40)	Council Tax Adult Social Care	(47)	(47)	(47)
(3)	Council Tax Somerset Rivers Authority	(3)	(3)	(3)
(20)	Earmarked Reserves	(2)	(2)	(2)
(493)	Total Financing	(498)	(498)	(500)
0	Budget (Surplus) / Deficit	42	100	87

48. The Local Government Reorganisation heading includes the staff savings from the LGR Business Case that have been previously agreed with £4m of savings built into the 2024/25 budget and a further £4.4m into the 2025/26 budget. These savings are currently held here but will be allocated against individual services. Included within the Corporate Area is the budget for the 2023/24 national pay award together with the estimate for 2024/25 and these will be allocated out to the individual services.
49. The key and most significant changes relate to:
- Adults – due to demand increases and significant increased placement costs.
 - Childrens – increases in external placement costs and SEND transport.
 - Corporate - impacts of the 2023/24 national pay award which was budgeted for at 5% and has been agreed at £1,925. It is estimated that this is equivalent to a 6.1% increase and increased interest rates and MRP costs impacting on debt financing costs.
50. **Table 3** provides analysis of the changes between the 2023/24 budget and the draft 2024/25 budget which is currently based on following key assumptions:
- Inflation – No general increases in inflation but use of specified indices within individual contracts.
 - Demographic changes – changes built into demand models based upon ONS population forecasts.
 - Interest rates – based upon current Bank of England base rates of 5.25%.
 - National pay award – The assumption for 2024/25 is currently estimated to be 5%.

- Council tax – An increase of 0.5% in tax base and 2.99% in the council tax charge and a further 2% increase in the adult social care precept.
- Government Grants – Based upon the information provided in the 2023/24 finance settlement. With New Home Bonus remaining at £3.8m, minor increases in Service Grant, Rural Service Delivery Grant and Revenue Support Grant. The major changes are Markets Sustainability & Improvement Fund grant of £2.9m and Social Care Support Grant of £5.7m.
- Business Rates – based upon modelling & forecast to increase by £9.7m.
- Collection fund – no surplus or deficit on the business rates & council tax collections funds have been assumed at this stage. Figures will be calculated in January.

Table 3 – Summary of changes to budgets

Service	2023/24 Budget £m	Reversal for once off items £m	Base Budget £m	Finance, Pay & Funding Changes £m	Pressures £m	Savings £m	2024/24 Draft Budget £m
Adults Services	186.6	5.5	192.1	(2.2)	69.6	(8.7)	250.8
Children & Family Services	123.1	(0.7)	122.4	0.0	26.3	(6.3)	142.4
Community Services	35.2	0.0	35.2	0.0	1.5	(3.9)	32.8
Climate & Place	87.1	0.3	87.4	0.0	5.6	(5.1)	87.9
Strategy, Workforce & Localities	20.2	0.0	20.2	(0.3)	0.1	(0.5)	19.5
Resources & Corporate Services	20.5	0.0	20.5	0.0	3.8	(3.4)	20.9
Local Government Reorganisation	0.1	(3.1)	(3.0)	0.0	0.0	(4.0)	(7.0)
Public Health	1.2	0.0	1.2	0.0	0.0	0.0	1.2
Corporate Contingency	6.0	0.0	6.0	0.0	0.0	0.0	6.0
Accountable Bodies	3.7	0.0	3.7	(0.1)	0.0	0.0	3.6
Corporate Areas	66.1	0.0	66.1	26.3	1.4	0.5	94.3
Special Grants	(56.4)	0.0	(56.4)	(9.2)	0.0	0.0	(65.6)
Total	493.4	2.0	495.4	14.5	108.3	(31.4)	586.8

51. To close the projected gap for 2024/25 and ensure we can set a balanced budget there is a need to review the range and scope of the services that are delivered by the Council. The purpose of this section is to set out the areas of search where savings could be made by redesigning how a service is delivered, reducing the level of service offered or, potentially, ceasing the service entirely, subject to appropriate consultation. The key areas of potential savings included within the current forecast include:
- **Efficiency savings:** We will prioritise finding savings through efficiencies before reducing services. This includes reviewing our contracts and use of consultants, reducing the bills associated with managing our estate by reducing the number of building we operate, continuing to transform our IT infrastructure so that it reflects best practice and the size of our Council, removing all non-essential mobile phones,

making best use of grants and external funding to reduce revenue costs and reducing staff benefits including long service awards.

- **Elected Councillors and Democratic Function:** Savings could be made by reducing the number of Councillor meetings, reducing the number of Executive Lead Councillors and reducing the budget for training and conferences.
- **Harmonisation of service standards following LGR:** There are several services where there is still inconsistency across the County following Local Government Reorganisation. Currently there are grants paid to Parish Councils in the former Somerset West and Taunton area to maintain footpaths, playing fields and burial grounds. In addition there are several legacy grants, established by previous Councils, that are paid to support community groups. We currently have different approaches in different areas to providing facilities for events and charging for emptying bins. Savings could be made by moving to a consistent approach across Somerset.
- **Increasing fees and charges:** The council provides a diverse range of services and activities, some of which are chargeable. This includes parking, planning fees, harbour fees, registration ceremonies and collection of green waste. It is vital that these charges keep pace with rising costs caused by external influences such as inflation. Where these charges are set locally, we will look to consult with the public on proposals to increase fees to reflect the pressures created by these external factors.
- Changes to how services are delivered:
 - **Adult Services:** Many of these services are demand led with service levels set by statute. However, there is discretion on how the Council delivers some preventative services. To address the financial gap it may be necessary to reduce spend in these interventions. This could lead to additional budget pressures and a detrimental impact on service users. In addition, it is important to ensure that our fees and charges in this service area are reviewed to reflect the costs of the service.
 - **Children's Services:** Costs in Children's services are increasing nationally and often governed by legislation, setting the standards. As with adult social care services, there are discretionary elements where savings could be considered. These include reductions in elements of early help, careers support, how we support independence, educational psychology support and virtual school.
 - **Community Services:** Many of these services are discretionary and as a result Councils can determine the extent to which they support these activities. It is possible to consider reductions to our library services, reductions in the provision of leisure activities, and reduced support to theatres, visitor centres, tourism and heritage services. This could also include the reduction or cessation of CCTV provision and the management of beaches and parks where operated.
 - **Highways and public transport:** Somerset Council carries out a range of proactive and reactive highways maintenance services. Many of these are

mandatory but service levels could be reviewed to reduce costs. These include maintenance of ditches, grips, drains, gullies, grass and hedge cutting, weed treatments, road markings, signs and paths. Other discretionary transport-related services which could be reviewed include active travel, community-based highway safety interventions like school crossing patrols. We could also consider reducing funding for technical studies and partnerships, removing discretionary elements of the concessionary travel scheme, and reducing public bus subsidies, including support to park & ride.

- **Waste Management:** The collection and management of Somerset's waste represents a significant element of the of the Council's budget. While many parts of this service are statutory, savings could be made by reducing the number of household waste recycling centres, reducing the operating hours of the household waste recycling centres and, introducing permits to restrict waste collected at our recycling centres to Somerset residents.

Finance Settlement

52. The Autumn Statement was delivered on 22 November 2023 with some the key headlines being:

- No further funding increases for local government beyond those that had been previously announced. Additional funding for the NHS and adult social care announced in the Autumn Statement 2022 has been "reaffirmed", as we expected.
- New powers to de-couple the business rates multipliers will be used from 2024-25. As we expected, the small business rates multiplier will be frozen, and the standard multiplier indexed (to 54.6p based on September CPI).
- 75% Retail, Hospitality and Leisure (RHL) discounts will continue for a further year.
- Local authorities will be "fully compensated for the loss of income from these business rates measures".
- Local Housing Allowance (LHA) rates will be raised to the 30% percentile of local market rents from April 2024. No direct impact on local authorities but this should indirectly reduce pressure on temporary accommodation.
- Resource DEL budgets will increase by 1.0% in real terms over the medium term, which imply real-terms cuts for unprotected local government services.
- Chancellor wants to improve productivity in the public sector (by 0.5% per year) and to reduce the size of the civil service (return it to its pre-pandemic levels). He wants a "more productive state not a larger state".
- Long-term freeze in capital investment in the public sector.
- Consolidation of local authority pension funds, with local government funds also required to allocate 10% of investments to private equity.
- National Living Wage will increase to £11.44 for workers 21 years and over (an increase of 9.8%).
- Funding Simplification Doctrine will come into force from January 2024, to simplify the "local government funding landscape, giving councils greater flexibility and freeing up resources for delivery".

53. The Local Government Finance Settlement is due in mid-December 2023 which will provide details of the government grant and council tax referendum limits.

The Capital Programme

54. A revised General Fund Capital Programme and HRA Capital Programme was approved at Council in September 2023. This combined the Capital Programme approved in February 2023 and the slippage of the five legacy Councils with a revised budget of £391.6m set for the General Fund and £122.6m set for the HRA.
55. A review of these schemes has been undertaken with the following list of general fund schemes to be approved by the Executive.
56. In addition to the existing schemes there are a number of new bids put forward for Member approval for 2024/25 and onwards. The bids recommended for approval focus on utilising grants or ringfenced receipts that we hold or are guaranteed for 24/25 onwards.
57. There are a number of schemes that have mixed funding, this might include the use of capital receipts, reserves, or borrowing. These schemes are put forward for Member consideration as they enable the council to meet its statutory requirements or an urgent health and safety need.
58. The proposed schemes from 2024/25, if approved would deliver an additional capital programme value to £120.1m with a spend profile in 2024/25 of £45.0m. Of which the 2024/25 borrowing requirement would be £6.6m
59. There are a number of multi-year proposals that deliver property condition and compliance works. The organisation will be reviewing the number of property assets it retains and as such we would expect to see a reduction on condition and compliance needs in future years. Members are recommended to approve the 2024/25 requests for these schemes on an annual basis. Whilst not approving future years has no impact on the 2024/25 budget it sets an expectation that future bids will be needed and that they should reflect the changes in Council held assets.
60. The General Fund capital schemes requests have now been reviewed and the business cases are being updated accordingly. These will be presented to the Executive in January and will need full Council approval in February 2024.

Table 3 – New schemes for the Capital Programme

Type of Bid	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	TOTAL £'m
Fully Funded	36.9	41.2	8.4	8.4	8.4	103.3
Health & Safety	6.5					6.5

Funded through capital receipts	1.5	7.0	1.8			10.3
Save to Earn	0.1					0.1
Total	45.0	48.2	10.2	8.4	8.4	120.2

Funding Type	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	TOTAL £'m
Grant	36.9	41.2	8.4	8.4	8.4	103.3
Capital Receipts	1.5	7.0	1.8			10.3
Borrowing	6.6					6.6
Total	45.0	48.2	10.2	8.4	8.4	120.2

61. A further bid is anticipated in order to spend the recently awarded levelling up fund for the Tonedale Vision, this will be for £20m and is fully funded by government grant, the service will develop a detailed bid for inclusion in the final report to Full Council.

Asset Disposal

62. The generation of capital receipts from asset disposals is a key part of the financial strategy. The council has already agreed to the disposal of its commercial property investments and has developed a pipeline of future disposals of surplus assets. Capital receipts from asset disposals can be used to reduce debt, provide funding for transformational activities, fund any capitalisation directions or fund capital schemes.
63. Following on from the Executive decision to approve the disposal of the commercial investment portfolio at its meeting of 8th November, the appointment of external agents to support this work is nearly concluded. The Property and Investment Sub Committee will receive a full update report at its meeting on 21st December.
64. The Executive also tasked the Asset Management Group to bring forward asset disposals from assets held outside of the commercial investment portfolio, including council office rationalisation proposals, at its meeting of 8th November. The Asset Management Group is currently overseeing the disposal of 74 sites that have been declared surplus; 16 further sites have been sold to date during 2023/24. Whilst sales of a number of these sites are subject to planning agreements and options (and may, therefore, not be concluded until 2025/26 or beyond), a total value in the range of £15m-£20m is targeted to be achieved from the current pipeline of approved disposals during 2023/24 and 2024/25.
65. Work to review and rationalise Somerset Council's inherited office estate commenced prior to vesting day, and to date revenue savings in premises running costs totalling £1.4m have been identified and the savings have been factored into the Medium-Term Financial Plan. Funding for a joint project to review the wider public sector office estate in Somerset was secured from the One Public Estate programme in spring 2023, and following a joint

procurement exercise a project to develop a co-location strategy for NHS bodies, Avon and Somerset Police, Somerset Council and other public partners was launched in July. Analysis of existing gross and net operating costs, capital receipts, existing leases, maintenance liabilities and energy efficiency is being undertaken across a wide range of in-scope buildings across a number of public partners, and a number of opportunities for co-location have been identified. A pilot initiative to consolidate and reduce our office footprint at the County Hall and Shape Mendip sites to reduce heating costs over the winter period has been implemented, with two buildings at these sites due to be mothballed for a four month period from 1st December.

66. Asset Management Group will continue to identify further options for the rationalisation and disposal of assets with a view to declaring further groups of assets as surplus at its forthcoming meetings in December and January.

Reserves

67. The council has already agreed a transfer between the Earmarked Reserves to General Reserves to bring them up to £49.8m. This is within the range of a minimum of £30m and maximum of £50m agreed by Council when the 2023/24 budget was set in February.
68. There has been review of the Earmarked Reserves from the five predecessor councils to identify reserves that can be repurposed to support to the MTFP and £36.8m has been identified.

Vision for a sustainable Somerset Council

69. Like many other councils, we are facing an extremely challenging financial position with the cost of delivering services increasing significantly faster than the income we receive. Our Council Plan was clear at the outset that our new Council came into existence at the most challenging time for local government in a generation. Fourteen years of austerity and growing demand has reduced the spending power and financial flexibility of all councils. The cost of delivering our services has dramatically increased due to rising energy costs, rising interest rates, rising costs of care, and increasing numbers of people who need our support.
70. We knew that this would mean facing a period of difficult decisions to ensure we can keep supporting those Somerset people in greatest need. The current financial outlook means that we need to significantly accelerate the pace and broaden the scale of our transformation. We need to fundamentally rethink the way we work, the services we deliver, and the capabilities and competences that we will need to run our Council. Incremental changes to discrete parts of our organisation will be too slow and narrow to deliver on what is needed. We need to adopt a radically different way of working as a Council, operating with fewer staff, whilst increasing our influence and impact.
71. Our transition to a single council has identified substantial weaknesses which have been inherited from all five legacy councils. It is clear that some of our organisational approaches, including our cross-organisational responsibility for financial management, have not been good enough. We need to take collective ownership for our organisational priorities,

providing robust leadership throughout the organisation. We also need to challenge how things have always been done and strive for excellence in everything we do. We need to create a supportive environment where employees are encouraged to take thoughtful risks and not be afraid of making mistakes or learning from them.

72. The ambition of the council remains the same – we want the people of Somerset at the heart of everything we do; and we will be a council that will do our best to be there whenever our residents need us. However, we need to be clear that there will be things that we will have to stop doing, and the things that we do continue to deliver will need to be done in a way which is fundamentally different. We will need to continually evolve and innovate to meet the rapidly changing context and challenges we face as a council.
73. Our learning from other councils that have been on the journey before us is that we need to clearly articulate our vision for how the council will develop and transform and agree a set of robust design principles to guide us over the coming years.
74. Our **vision for the council** is to be a smaller leaner council, employing fewer people, focusing only on the unique value we can provide. We will bring people together and build strategic relationships with our partners and communities to work as a team, harness and build our collective power to deliver outcomes for the people of Somerset.
75. We want to free our staff up to be leaders and do what is important – our processes will be streamlined and redesigned to support us to do that efficiently and effectively. At our core, we will be focusing on delivering value and impact, we will be maximising the use and opportunity of digital, Artificial Intelligence and data insight to help us realise our vision.
76. We will automate any work that is repeatable and can be mapped. Any work that is complex, unique, intuitive, one of a kind and relational will be done by our people, who will be problem solvers: highly skilled, agile, continuously learning and locally based in our communities.
77. The design of our services will be focussed on providing value to the people of Somerset, not on the professional and siloed specialisms of council teams. Our **design principles** that will support the delivery of this vision:
78. **A council that is flexible and agile** which will:
 - be clear on accountability and responsibility, reducing the need for complex systems of governance, streamlining decision making and reporting processes.
 - create clear and flexible roles and functions, working across the council rather than in silos.
 - empower our people to be directly accountable for the delivery of outcomes, reducing the management overhead associated with the operation of our Council.
 - use agile, iterative, and dynamic approaches to improvement, transformation, and change, delivering outcomes at a much swifter pace than current processes, practices and policies allow.

- build new capabilities and competences that enable and facilitate the whole of the organisation to change - and keep changing - so that we can continuously innovate at speed and scale rather than wrapping change in bureaucratic process, governance, and procedures.
79. **A smaller and leaner council** which will:
- design out repetition and duplication – eliminating duplication of roles and functions across the council. We will redesign how our business is supported requiring less staff to administer what we do in our back office.
 - focus our direct engagement with the public on those services that support the most vulnerable members of our community, enabling information regarding all other service delivery to be available at a time convenient to those who wish to access it.
 - focus on further developing integrating health and social care to support collaboration, personalisation, and early intervention, to increase independence and wellbeing.
 - have the right mix of deep expertise and cross-functional generalists – it may be better to outsource some skills that may have traditionally been handled in house.
80. **A data driven and digitally enabled council** which will:
- use data to power every part of the council’s business, protecting it, and exploiting it, to make good investment decisions, improve our services and maintain public trust.
 - optimise use of digital technology and Artificial Intelligence – reducing the number of staff required to run our services, processes, projects, and governance.
 - promote a digital culture for collaboration and innovation, working with the many organisations and agencies that serve Somerset to increase smart solutions, infrastructure, and connectivity.
 - provide a joined up digital experience for customers as they access council services.
81. **A sustainable and resilient council** which will:
- enable partners and other third parties to operate functions and services that are better delivered by others because of their knowledge and expertise.
 - balance investment and savings, and measure our impact to inform investment decisions.
 - prioritise listening and learning to improve service delivery.
 - continue to tackle the climate and ecological emergency to the extent possible given our financial constraints
82. **A council that is local, connected and inclusive** which will:
- develop and facilitate our Local Community Networks so that they can set their own priorities, determine local action plans and act upon them.
 - work with our partners so that we can collaborate to support our communities to access advice, guidance and, where necessary services, across the public sector and voluntary sectors in Somerset.

- make equality, diversity and inclusion the lens through which all decisions are taken. We will include it at an early stage – not as a thing to do “later”.
- ensure that our workforce understands the places and people they support without the need for physical assets to demonstrate our connection to communities.
- have fewer people, but with a wide range of knowledge and skills so that the best response from the most appropriate service or partner is deployed.
- prioritise digital inclusion - improving skills, access and confidence for our staff and customers.
- ensure that our business community has a strong voice and, that we work with them to deliver green growth.
- design our services with various situations, contexts, and preferences in mind, and we provide multiple ways for our community to access, understand, and interact with our services.

Department for Levelling Up, Housing & Communities (DLUHC)

83. The Council has been pro-active in writing to DLUHC outlining the financial challenges it faces and as result of this there have been a couple of meetings with them. These meetings have covered the budget overspending in the current financial year as well as the 2024/25 budget gap. They have also helped to explain the context of being a new council and the financial position and issues that it has inherited from the 5 predecessor councils. With the significant budget gap for the coming year, it is recommended that the council formally requests a capitalisation direction from DLUHC in order set a balanced budget for 2024/25.

Future Years

84. The current focus is very much upon 2024/25 but it is important to look at the Council’s position over the medium term. The figures are based upon current assumption on funding and service costs but will continue to be updated with the latest available information. The current MTFP Forecast for the next three years is:

Table 4 – MTFP forecast

	2024/25 £'m	2025/26 £'m	2026/27 £'m
Budget Gap	87.0	27.8	29.4
Annual Gap before additional savings	87.0	114.8	144.2

85. The assumptions for future years are based upon the current council tax referendum limits and government funding in line with the details set out in finance settlement. The underlying assumptions will continue to be reviewed and updated year
86. The annual budget gap increases as costs continue to increase faster than income. This can only be mitigated by ongoing additional savings. If the budget gap is not reduced in 2024/25

and £36.8m of reserves are used as a one-off there will be a requirement for a capitalisation direction of £50.2m.

87. If no additional savings were identified in future years a further capitalisation direction of £114.8m would be required in 2025/26 and £144.2m in 2026/27. Increasing Council Debt over the three years from this source by £309.2m with no additional assets to represent it. Although this scenario is unlikely ongoing interest and MRP on this amount would add approximately £40m pa to the gap identified above.
88. The capitalisation direction may also have to increase as a one-off in 2026/27 if the DSG High Needs Block deficit has to be funded by the Council once the statutory override finishes at 31.03.26, estimated at approximately £100m.
89. The capitalisation of revenue can be funded by asset disposals, although asset values of surplus council accommodation are not significant in Somerset. It will be beneficial to dispose of commercial properties and using the receipts to fund the capitalisation direction, however the MRP (or principal) and interest costs on the borrowing for these assets will remain and the income lost.

Budget Consultation & Engagement

90. The arrangements for consultation and engagement on the budget proposals are:
 - To start the consultation and engagement process with the public, staff, trade unions, and partners on the savings proposals that have been identified to date and council tax increases.
 - Consult the Business sector at events across the county.
 - Consultation with the Corporate & Resources Scrutiny Committee, who have responsibility for scrutiny of the budget, on the draft budget proposals agreed by the Executive at their January 2024 meeting.
 - Audit Committee in January will consider the various accounting strategies and policies such as the Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision (MRP) Policy, Flexible use of Capital Receipts and Non-Treasury Management Investment Strategy.
 - Continue to engage with members through all members monthly briefings and political group meetings.

Next Steps & Timetable

91. The next steps in finalising the budget proposals are:
 - Review of pressures in the lights of the National Living Wage and latest inflation forecast which is expected to reduce to 2 % over the next two years.
 - Review the staffing establishment forecast following the agreement of 2023/24 national pay award and inflation forecasts.
 - Identify further savings options from all services based upon providing a statutory minimum service and making all discretionary services break even.

- Update the Children’s budget with the findings from the Peopletoo deep dive into the service.
- Review of the assumptions around residential dementia beds in the Adult’s budget.
- Further review of fees and charges to identify any options for new charges or further increases.
- Update funding figures for the finance settlement which is expected in December, the 2024/25 council tax base and collection fund figures.
- Review financing costs in the light of capital programme and future interest rate forecasts.
- Continue to review the Earmarked Reserves to identify reserves that can be repurposed to support the budget.
- Further review of the pipeline of asset disposals to identify the level of capital receipts available to support the budget.
- Understand the saving from the workforce transformation programme will be to balance the MTFS (if possible) ensuring that this doesn’t duplicate the saving already identified by services or the LGR business case and identify the implementation costs.
- Start the consultation and engagement process with the public, staff, trade unions, and partners on the savings that have been identified to date and on the workforce transformation programme.
- Formally request a capitalisation direction from DLUHC.
- Review the level of corporate contingency budget which is currently £6m in the light of emerging budget proposals, risks and level of reserves.
- January Executive - review of the updated 2024/25 Revenue Budget proposals and MTFP forecast, Housing Revenue Account and Capital Programme.
- January Audit Committee - review of various accounting strategies and policies such as the Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision (MRP) Policy, Flexible use of Capital Receipts and Non-Treasury Management Investment Strategy.
- January Corporate & Resources Scrutiny Committee - scrutiny review of Executive draft budget proposals.
- February Executive - review of the latest draft budget proposals for the Revenue Budget, Housing Revenue Account and Capital Programme and the consultation feedback and make recommendations to Council on final budget proposals including the level of council tax.
- February Council - Agree the Revenue Budget, Housing Revenue Account and Capital Programme and level of council tax.

Risk Update

92. The council has two strategic risks associated with its finances being ORG0057 concerning a sustainable MTFP and ORG0070 being the risk of a budget overspend in the current financial year. **Table 5** below sets out the strategic risks and will continue to be reviewed and updated during the budget setting process.

Table 5 – Strategic Risks associate with the Budget

JCAD Ref	Risk description	Inherent score		Mitigation	Residual score		Owner
		L	I		L	I	
ORG0057	Sustainable MTFP Cause: High inflation, high interest rates, HRA, capital programme, income not increasing sufficiently Consequence: Issue S114 notice	5	5	<ol style="list-style-type: none"> 1. MTFP updated 24/25 to 26/27 2. Review of reserves 3. MTFP board in place 4. Establishment control, procurement and spending boards in place 5. Regular budget monitoring 6. Review of pressures 24/25 7. Bright spark initiative in place 	5	5	Executive Director – Resources & Corporate Services
ORG0070	Budget overspend Cause: Rising interest rates impacts cost of borrowing; labour market (pay rises, recruitment difficulties) Consequence: service changes to reduce spend	5	5	<ol style="list-style-type: none"> 1. MTFP updated 24/25 to 26/27 2. MTFP board in place 3. Oversight boards in place – establishment, procurement and spend 4. Regular budget monitoring 5. Bright spark initiative in place 6. Deep dive children and families 	5	5	Executive Director – Resources & Corporate Services
ORG0068	Workforce – inability to retain and recruit Cause: can't compete with private sector Consequences: Use of agency staff, staff wellbeing	5	5	<ol style="list-style-type: none"> 1. Workforce Strategy 2. Review of Job Evaluation 3. Maximise apprenticeships 4. Staff comms and engagement 5. Active staff networks 	4	5	Service Director – workforce
ORG0078	Failure to deliver a business case for workforce transformation	4	5	<ol style="list-style-type: none"> 1. Development of business case 2. Consultation with Unions and staff 	3	5	Service Director Workforce

	Cause: unclear council direction, capacity Consequence: Not being able to determine impacts on budgets for 24/25 and beyond						
ORG0079	The risk that the Government will make further policy changes that affects future funding of social care Cause: Government policy change Consequences: Reduced funding impacting services that can be delivered	4	5	1. Ongoing review of policy announcements relating to social care	3	5	Executive Director – Adult Services
ORG0080	The risk of increasing demand on services and the impact this could have on services and budgets Cause: Cost of living crisis, impacts of high rents Consequence: Longer to provide services, increase budget for statutory services	4	5	1. Regular budget monitoring of service budgets 2. Regular reviews of service performance	3	5	Executive Director for Strategy, Workforce and Localities
ORG0081	The risk that the Government will reduce Local Government funding, impacting the sustainability of the service levels at current levels Cause: Government financial position Consequence: Reduced budgets, reduced service levels and staff	4	5	1. Ongoing discussions with Government 2. Monitoring policy changes for impacts across all service areas	3	5	Executive Director – Resources & Corporate Services

93. These risks will continue to be updated and reported to the Executive as part of the budget setting process.

Background Papers

94. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023.
95. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023.
96. Somerset Council – Financial Sustainability report to October 2023 Audit Committee including Section 151 letter to DLUHC and External Auditor letter on Somerset Council Financial Sustainability.
97. Financial Strategy Update report to November 2023 Executive and Corporate & Resources Scrutiny Committee.
98. Monthly Budget Monitoring reports to Executive & Corporate & Resources Scrutiny Committee.

Appendices

Appendix 1 – Earmarked Reserves

Report Sign-Off (if appropriate) (internal use only - not for publication)

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	24/11/2023
Communications	Peter Elliott	27/11/2023
Finance & Procurement	Nicola Hix	27/11/2023
Workforce	Dawn Bettridge	27/11/2023
Asset Management	Oliver Woodhams	Report sent 24/11/2023
Executive Director / Senior Manager	Jason Vaughan	27/11/2023
Strategy & Performance	Alyn Jones	27/11/2023
Executive Lead Member	Cllr Liz Leyshon	24/11/2023
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Report sent 24/11/2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Report sent 24/11/2023

Decision Report - Executive Decision

Forward Plan Reference: FP/23/09/22

Decision Date – 6 December 2023

Key Decision – yes



Council Tax Reduction & Exceptional Hardship Scheme for 2024/25

Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance

Local Member(s) and Division: N/A

Lead Officer: Richard Sealy, Interim Revenues & Benefits Manager

Author: Richard Sealy

Contact Details: e-mail: richard.sealy@somerset.gov.uk, Tel: 01823 217558

Summary / Background

1. Council Tax legislation requires the Council, as a billing authority, to formally agree a Council Tax Reduction (CTR) scheme for each financial year for working age people. (NB. there is no requirement to change the scheme between years and Councils can simply roll-forward their existing scheme).
2. No decision is required in respect of the scheme for pension age applicants as this element of the scheme is prescribed by Government. The Government will update this part of the scheme in December 2023 and we will make the necessary adjustments to our scheme document at that stage. We anticipate that state pension increases will be generally reflected in increased allowances in the prescribed Govt. element of the scheme.
3. A significant project was undertaken last year to develop a new aligned CTR scheme to help facilitate the move to the new Somerset Council. This exercise involved aligning the different former district council schemes to a single income banded scheme, significant financial modelling and a full public consultation exercise. A cornerstone of the new scheme agreed by Members was the maximum award of 100% CTR to those on the lowest incomes.
4. In addition, we developed and Members agreed to a new Exceptional Hardship (EH) scheme, which forms part of the CTR scheme. This EH scheme supports the main CTR scheme by providing a mechanism to enable us to make discretionary

payments to people in need. This was particularly important for this year, as it was recognised that a number of people would lose out as a result of aligning the main CTR scheme, although the majority of previous recipients received either the same or more under the new scheme.

5. A light-touch review was undertaken earlier this year to look at the initial impact of the new CTR scheme and to help to inform any potential changes for the coming financial year. This review indicated that the new scheme appears to be working well and is within budget. The trend in recent years has been for caseload to reduce and this continues this year. To date we have seen small reductions in caseload for both pension and working age people. The reasons for this are varied. The only noteworthy feedback we have received has been one view from one of our local Citizens Advice offices who requested that we extend one element of the income disregards within the scheme. However, having sought expert advice, considered the approach being undertaken by other councils and completed a full “due regard process”, we are not proposing any change to the disregards.
6. It was concluded following the light touch review that no major changes were required to the scheme. (NB. Major changes require full public consultation, which has not been undertaken as no such changes were identified as being required).
7. The light touch review did identify that Council may wish to consider uprating the income band thresholds within the scheme. Most of our claimants are in receipt of state benefits, which Govt. normally uprate for the following year in line with the September CPI figure (6.7%). Therefore, uprating the income band thresholds within our scheme by the same amount helps to protect the proportion of CTR received by existing claimants the majority of whom receive state benefits. Our ability to uprate the income band thresholds is already provided for within our scheme and does not require consultation.
8. However, the Council’s forecast budget gap for next year has significantly worsened since the light touch review was undertaken. All aspects of Council expenditure now need to be carefully considered and potentially reduced in order to close the budget gap.
9. A fundamental re-write of the CTR scheme is not feasible within the timescale for setting next year’s Council Tax because, as stated above, this would require a full public consultation exercise and, potentially, changes to the four separate Revenues and Benefits IT systems currently in operation. The only options

available for significantly reducing expenditure on the main working age CTR scheme are to either not uprate the income band thresholds within the scheme or to uprate them at a lower rate than that used by the DWP for state benefits.

10. Three options have been considered in relation to the income bands:
 - Option 1 – retaining the existing (2023/24) income band thresholds (i.e. NOT uprating) – high-level modelling indicates that this could deliver a net cost reduction of circa £1m, but will detrimentally impact potentially 5,292 (29%) of our existing working age claimants who would see an average reduction of £326 per annum in the amount of CTR received
 - Option 2 – uprating the income band thresholds by 50% of the amount applied by Govt. to state benefits – this would reduce the detrimental impact of not uprating in line with inflation. Only 2,174 (12%) of our working age caseload would be affected and by an average of £318. However, this also provides a net cost reduction of £417k
 - Option 3 – uprating the income band thresholds by the same increase applied by Govt. to state benefits (6.7%) – this option essentially protects existing working age claimants who are in receipt of state benefits from the impact of income inflation on their CTR entitlement. However, working age claimants who are in receipt of the National Living Wage, which Govt. have announced will rise by 9.8%, could see a reduction in the amount of CTR they receive (depending on their circumstances). Overall with this option, we estimate the cost of CTR, as a proportion of the gross debit would not rise and may reduce due to the impact of the increase in the National Living Wage on some existing claimants
11. To ensure that we are making the best use of the limited funds at our disposal for future financial years a full review of the scheme during the 2024/25 financial year together with full public consultation on any proposed changes will be required. This will also allow the Council to review the existing CTR scheme after running it through a full financial year from 1st April 2023. This review exercise will require funding of circa £60k.
12. More detail is provided about each of the options below. In addition, we have provided information regarding the proposed Exceptional Hardship (EH) scheme for next year, which forms part of our CTR scheme (Appendix 4 refers).

13. All of the options are anticipated to reduce expenditure to a greater or lesser extent on the main CTR scheme. Consequently, this is likely to result in an increase in applications for Exceptional Hardship and to impact detrimentally on the collection rates, as it is highly likely that some claimants will not be able to pay the increased Council Tax. Any increase in EH payments will reduce any cost reductions in the main CTR scheme. Provision will need to be made for the anticipated costs of CTR and EH within the Council Tax base calculations for next year.
14. Options 1 and 2 in particular would have a variable impact on existing claimants. Our scheme is an income banded scheme which means that claimants whose income is near the top of an income band threshold will potentially fall into the next band and see a reduction in the amount of support they receive if their income increases above the band threshold. This could well mean that claimants will have to pay more in extra council tax than they will receive in their increase in their state benefits and / or wages, especially where they fall from the 100% relief level to the next one down at 75%. Details of how the different options would impact on the income band thresholds are shown at Appendix 3.
15. On balance, given the anticipated impact of not uprating the income band thresholds in line with the amount applied by Govt. to state benefits, this report recommends that Council uprates for next year in line with the 6.7% applied to state benefits. Doing so will help to maintain the level of support provided to those on the lowest incomes and most in need. However, some claimants, where they are in receipt of the National Living Wage, are still likely to see reductions in the amount of CTR they receive because of the significant increase (9.8%) in the earned income they will receive. For the longer term the report recommends that a full review of the scheme is undertaken during the coming financial year in order to identify the options for a revised scheme for the following financial year.
16. The proposed detailed CTR scheme is appended to this report at Appendix 5. The income band thresholds, detailed in Schedule 1 of the scheme document will be added following the decision by Council on 20 December 2023. Equalities Impact Assessments for the options are attached at Appendices 1 and 2.
17. This issue has been considered by Scrutiny for Corporate and Resources on 9th November 2023 and their comments are included below.

Recommendations

18. The Executive are asked to recommend to Full Council on 20 December 2023 approval of:
 - i) The Council Tax Reduction and Exceptional Hardship schemes set out in Appendices 4 and 5 to this report;
 - ii) Option 3 in relation to the income band thresholds used within Schedule 1 of the proposed Council Tax Reduction scheme i.e. uprating in line with the 6.7% rise in state benefits announced by Govt. in the November 2023 Autumn Statement; and
 - iii) A full review of the Council Tax Reduction scheme during the 2024/25 financial year to identify options for a revised scheme in the 2025/26 financial year. (NB. the review and consultation exercise will require funding which is anticipated to be in the region of £60k).

Reasons for recommendations

19. These recommendations are made in order to meet the Council's obligations in law to set a Council Tax Reduction scheme for the coming financial year and to provide options for delivering the scheme at reduced cost.

Other options considered

20. We are required by law to set a Council Tax Reduction scheme for each financial year.
21. No major changes were identified as being required to the existing scheme earlier this year and consequently no public consultation, which is required to enable major changes, has been undertaken. Our options are therefore limited to the amount by which we choose to increase the income band thresholds within the scheme and these options are all set out within this report. Two other options were considered in relation to the income band thresholds:
 - Option 1 – No uprating (i.e. retaining the thresholds at the existing amounts) – this would see a significant number of existing claimants

receiving a reduction in the amount of the CTR they receive. This would be highly likely to result in an increase in claims for Exceptional Hardship and result in a reduction in the amounts collected in view of some claimants not being able to afford to pay the increased amounts

- Option 2 - Limited uprating (i.e. 50% of the increase announced by Govt. in relation to state benefits) – whilst this reduces the numbers of claimants affected, a significant number would still see a reduction in the amount of CTR they receive. Again, this is likely to result in increased EH claims and will detrimentally affect collection rates

Links to Council Plan and Medium-Term Financial Plan

22. The CTR and EH schemes provide key financial support to people on low incomes. This aligns with the council's key priorities around being a healthy and caring, fairer and flourishing and resilient Somerset.
23. The CTR scheme also represents a significant amount of the Council's expenditure, currently £34.8m or 7.16% of the gross Council Tax debit. Reducing expenditure in this area can help to alleviate some of the council's significant budget pressures. However, doing so will detrimentally impact on people who are on low incomes and may lead to increased claims for Exceptional Hardship and reduced collection rates.

Financial and Risk Implications

CTR Scheme Financial Implications

24. Amounts awarded in respect of CTR or EH claims are funded from the Council Tax Collection Fund. Consequently, they are funded by the Council and the other major precepting authorities.
25. We have compared spend on CTR this year against the combined legacy district spend for last year (see Table 1). The actual amounts awarded increase from year to year as the Council Tax charged rises by around five percent each year. Therefore, for comparison purposes, we look at the amount of CTR awarded as a proportion of the gross Council Tax debit raised for each year. The total cost of the scheme as a proportion of the gross debit is slightly lower this year than

last year and we expect it to reduce further because the caseload continues to reduce year-on-year.

Table 1: CTR awarded as a proportion of the gross Council Tax debit

Financial year	Gross Council Tax debit	Total CTR awarded	Proportion
2022/23	£452,666,027	£32,830,685	7.25%
2023/24	£486,794,248	* £34,816,737	7.16%

* Excludes awards from the Council Tax Support Fund for comparison purposes

Financial implications of the income band threshold options

26. Govt. have announced that they will increase state benefits for the coming financial year, as it usually does, by the September CPI figure (6.7%). They have also announced that the National Living Wage will increase by 9.8%.
27. We have undertaken high-level modelling to identify the potential financial impacts on the cost of the scheme of the three options outlined above in relation to the income band thresholds. (NB. We are still operating on the four different legacy district IT systems for Revenues and Benefits. It has only been possible to undertake modelling on the caseload of the former Somerset West & Taunton area, but we have extrapolated the results across the rest of the County area. The modelling has been based on the 6.7% increase in state benefits, which are received by the majority of our claimants).
28. Unsurprisingly, the modelling indicates that the maximum cost reduction can be produced by not uprating the income band thresholds (see Table 2 below). However, the Council will need to make allowance for a potential increase in EH applications and reduced collection rates resulting from any decreases in the amounts of CTR being paid. Table 3 below details the potential net saving taking into account the estimated increases in EH payments for all of the options.

Table 2: Estimated comparison between the different income band threshold options

Option	Potential cost reduction	No. working age claimants impacted	Average cost impact per affected claim p.a.
Option 1 – NO uprating	£1,291,271	5,292	£326
Option 2 – uprating by 50% of state benefits increase	£516,977	2,174	£318
Option 3 – uprating in line with state benefits increase (6.7%) (see note below)	£negligible	(see note below)	£negligible

Note:

The National Living Wage has increased by a greater amount than state benefits (i.e. 9.8% are opposed to 6.7%). Therefore, some claimants who are in receipt of the National Living Wage will potentially see a reduction in the amount of CTR they receive under all three of the above options. Unfortunately, we have not been able to identify the precise number of claimants potentially affected.

Table 3: Net reduction taking in account the estimated increase in EH payments

Option	Potential cost reduction	Anticipated increase in EH payments (see note 2 below)	Net cost reduction
Option 1 – NO uprating	£1,291,271	£250,000	£1,041,271
Option 2 – uprating by 50% of state benefits increase	£516,977	£100,000	£416,977

Option 3 – uprating in line with state benefits increase (6.7%) (see note 1 below)	£negligible	£50,000k	£negligible
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Note:

1. The National Living Wage has increased by a greater amount than state benefits (i.e. 9.8% are opposed to 6.7%). Therefore, claimants in receipt of the National Living Wage are more likely to see a reduction in the amount of CTR they receive under all three of the above options. So, there will be some cost reductions with Option 3 as well, but we have not been able to model these.
2. This represents the amount in addition to the anticipated total spend on EH for the current year (2023/25) of £350k

Exceptional Hardship Scheme Financial implications

29. We have reviewed the number of Exceptional Hardship claims being received and amounts awarded for this year. We anticipated an increase in EH claims this year, as a result of the detrimental impact of aligning to a new scheme for some claimants. The position as at 30 September 2023 is as detailed below.

Table 4: Exceptional Hardship claim statistics for 2023/24 (30 Sep 2023)

No. of claims received	Claims awarded	Amount awarded
724	454	£174,912

30. The above figures indicate that we are likely to spend £350k this year in total. Whilst this represents an increase on last year's spend (£190k), it is less than the £500k we estimated for this year.
31. Where we are declining to award EH it is generally because either the claimants have not submitted sufficient evidence to support their claim, their income is too high or their expenditure is unreasonable.
32. The cost of EH for next year will be impacted by the amount by which we increase our income band thresholds. The recommended option is to increase in line with the increase applied by Govt. to state benefits (6.7%). This will minimise any potential increase in claims for EH by helping to protect the

proportion of CTR received by most current claimants. Table 5 below provides crude estimates of the financial impact on EH claims of the various options.

33. The Exceptional Hardship scheme is part of our main CTR scheme. Consequently, the cost of EH is also borne proportionately by the other major precepting authorities.

Table 5: Estimated impact on EH payments of the three income band threshold options

Option	Anticipated current year cost 2023/24	Estimated total cost for 2024/25
Option 1 – NO uprating	£350k	£600k
Option 2 – uprating by 50% of state benefits increase		£450k
Option 3 – uprating in line with state benefits increase		£400k*

* The £50k increase between the current year and next year for Option 3 takes into account an anticipated 5% rise in Council Tax and an increase in claims resulting from some claimants in receipt of the National Living Wage receiving less CTR.

34. The additional EH costs for all of the options will need to be offset against any reduction in CTR those options deliver and the Council Tax base calculations will need to be adjusted accordingly.

Potential impact on collection rates

35. Options 1 and 2 are likely to have a potential detrimental impact on the longer-term collection rates in respect of next year’s Council Tax charge. Again, it is very difficult to predict with accuracy what this impact could be.

Risk implications

36. Set out below are the key risks in relation to the proposed CTR scheme.

Risk	Mitigating actions / comments	Score
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		L = Likelihood I = Impact
The scheme costs more than anticipated	<ul style="list-style-type: none"> The maximum we're proposing is to uprate the income band thresholds in line with the percentage used by Govt. to uprate state benefits. At most this will simply mean that the proportion of CTR paid remains the same as last year & remains cost neutral. The National Living Wage has increased by a higher percentage than state benefits, which means that some claimants in receipt of this may receive less CTR Options 1 or 2 would decrease the cost of the scheme. 	L2 x I3 = 6
The scheme rules have a significant detrimental impact on existing claimants	The new scheme has been introduced without a significant detrimental financial impact. We are essentially proposing to continue with the same scheme, albeit a decision needs to be taken in relation to uplifting the income band thresholds.	L2 x I3 = 6
Not increasing the income band thresholds in line with the rate of inflation used by DWP or for the National Living Wage could result in significant hardship for some claimants	<ul style="list-style-type: none"> Claimants who will be significantly impacted will be identified & contacted The EH scheme is there to provide additional discretionary support in cases of significant hardship 	L4 x I3 = 12
Not increasing the income band thresholds in line with the rate of inflation	Both are likely & consequently we will need to make appropriate provision within the Council Tax base	L4 x I3 = 12

used by DWP or for the National Living Wage results in reduced collection rates & increased EH costs	calculations and longer-term collection rates.	
Legal challenge to the scheme	Full public consultation was undertaken in respect of the scheme last year. In addition, we have undertaken separate equalities impact assessments in respect of the options in relation to the income band thresholds.	L3 x I3 = 9

Legal Implications

37. A CTR scheme must be agreed by the Council for each financial year to comply with the requirements of Schedule 1A of the Local Government Finance Act 1992.

HR Implications

38. There are no HR implications related to this report.

Other Implications:

Equalities Implications

39. The scheme proposed for next year is largely the scheme that is currently in operation. A full Equalities Impact Assessment was undertaken last year to support the report and recommendations that were made to full Council on 23 November 2022. This can be viewed at appendix A to agenda item 6, Paper B in [Meeting of SCC County Council on Wednesday, 23rd November, 2022, 10.00 am - Modern Council \(somerset.gov.uk\)](#)
40. The key changes proposed in relation to next year's scheme relate to the uprating of the income band thresholds within the scheme. Consequently, we have

focussed on understanding the impact of potential changes and alternative options in this area from an equalities perspective.

41. Most of our existing claimants receive state benefits, although some work or are self-employed. Govt. have announced that they will increase state benefits for the next financial year (2024/25) in line with the September 2013 CPI figure (6.7%). They have also announced that the National Living Wage will increase by 9.8%.
42. Outlined earlier in this report are a number of options in relation to the income band thresholds for next year.
43. Option 3 essentially sees us applying the same rate of inflation to the income band thresholds as is applied to state benefits. This allows us to protect the proportion of CTR received by most of our existing claimants for next year. A specific EIA has been completed for this option and is detailed at Appendix 1. This evidences that this option will have a largely positive impact from an equalities perspective, as it largely protects existing claimants. (NB. Some claimants who receive the National Living Wage may see a reduction in their CTR because Govt. have applied a higher increase to this than to state benefits).
44. Appendix 2 details a separate EIA undertaken in respect of options 1 and 2. These options would entail our either NOT increasing the income band thresholds at all or increasing by a lower percentage (50%) than the increase applied by Govt. to state benefits. In these scenarios our modelling indicates that a significant proportion of our existing claimants (up to 29%) would be worse off. Where no increase is applied the average amount could be as high as £326 a year.
45. In particular, Appendix 2 identifies potential disproportionate impacts on the following groups with protected characteristics:
 - Age – these changes can only apply to the working age scheme and consequently will impact disproportionately on that group
 - Disability – whilst we do not hold precise data on the impact, we know that a large number of our claimants will receive disability benefits. Whilst disregards will continue to apply to a number of these benefits, there will be cases where people with a disability will receive a reduction in their CTR. The impact of any such reduction is likely to be proportionately higher for a disabled claimant due to increased living costs

- Sex – the greater proportion of our claimants are females. Therefore, it is reasonable to assume that reducing the amount of CTR payable will have a disproportionate impact on this group
- Sexual orientation – whilst this is not a factor in determining eligibility for CTR, we do know that options 1 and 2 will potentially have a greater impact on single people. Groups with certain types of sexual orientation are more likely to live alone and consequently maybe disproportionately impacted
- Other e.g. low income and carers - the scheme is specifically targeted at those on low incomes and contains income disregards in relation to carers. However, these options will in some cases reduce or remove altogether the CTR received by some claimants. Given that this is an income based scheme these options will by definition impact on people on low incomes and it is not unreasonable to assume that this will have a disproportionate impact on unpaid carers

46. Mitigation actions have been identified and are outlined in both EIAs. These will largely be reliant on greater use of the discretionary Exceptional Hardship scheme and this report identifies where greater budget provision will need to be made for this.

Community Safety Implications

47. The CTR and EH schemes provide financial support to people on low incomes to help them pay their Council Tax. Not increasing the income band thresholds used within the scheme by the same rate applied by Govt. to state benefits could result in financial hardship for some existing claimants. However, they will be able to apply for additional support through the Exceptional Hardship scheme.

Climate Change and Sustainability Implications

48. The new scheme is simpler to administer than a number of the schemes run by the former districts. It removes the need for claimants on Universal Credit to separately claim for the Council Tax Reduction and results in less frequent changes in Council Tax liability. Collectively this results in far fewer letters and paper forms and less activity in terms of making changes to accounts.

#Health and Safety Implications

49. This proposal has no Health & Safety implications.

Health and Wellbeing Implications

50. The CTR and EH schemes provide financial support to people on low incomes to help them pay their Council Tax. Not increasing the income band thresholds used within the scheme by the same rate applied by Govt. to state benefits could result in financial hardship for some existing claimants. However, they will be able to apply for additional support through the Exceptional Hardship scheme.

Social Value

51. There are no social value implications associated with this report.

Scrutiny comments / recommendations:

52. Scrutiny for Corporate and Resources considered the report and recommendations on 9 November 2023. The committee noted the success of the scheme introduced from 1st April 2023 and passed on their thanks to the Revenues and Benefits team. They also noted that the severity of the budget situation and budget gap may mean that Council has to consider options to reduce expenditure on the Council Tax Reduction scheme for next year and that these options would include either not uprating the income band thresholds or uprating at a lower rate than that used by the DWP for state benefits. Members were keen to ensure that a full equalities impact assessment is undertaken in respect of any proposals which would reduce expenditure. In addition, the committee requested that consideration be given to extending the Exceptional Hardship scheme.

Background

General background

53. Council Tax Reduction (CTR) provides financial assistance to help people on low incomes to pay their Council Tax. This can be for up to 100% of their Council Tax liability.

54. CTR was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:
- Placed the duty to create a local scheme for **Working Age** applicants with billing authorities;
 - Reduced initial funding by the equivalent of ten per cent from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and
 - Prescribed that persons of **Pension age** would be dealt with under regulations set by Central Government and not the authorities' local scheme.
55. Since that time, funding for the Council Tax Reduction scheme has been amalgamated into other Central Government grants paid to Local Authorities and into the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Government sources.

The legal requirements

56. Council Tax legislation and specifically Schedule 1A of the Local Government Finance Act 1992 requires the Council to agree its local CTR scheme for each financial year in relation to working age claimants.
57. The scheme for pension age claimants is prescribed by Government and we have no powers to change these rules. Government usually adjusts the pension age rules each year and we will simply incorporate these changes into our scheme when we are notified of them (usually in December).

Background to the existing Somerset scheme

58. The four legacy district councils each operated different CTR schemes. There were some similarities between the schemes i.e. two ran income banded schemes and two ran more traditional schemes. The total amounts of support provided ranged from 80% to 100% of the Council Tax liability.
59. Consequently, a significant project was undertaken last year in the lead up to the creation of Somerset Council to align the former district schemes to a new single scheme for Somerset. This exercise involved a review of the legacy district schemes, significant financial modelling, extensive public consultation all leading up to the proposed new scheme going through the then Somerset County

Council's member decision making processes in the Autumn of 2022. Full Council agreed to the new scheme on 23 November 2022.

60. We identified early in the process of aligning four different schemes the risk of claimants ending up worse off as a result of implementing new rules. We had to balance this consideration against the need to ensure that the overall cost of the new scheme was affordable to the Council given the very challenging financial environment.
61. Consequently, a significant amount of effort was put into developing and refining the specific detail of the scheme to both minimise any detrimental impact on individual claimants whilst ensuring overall financial affordability. Clearly there were going to be winners and losers, but the scheme was developed in such a way that it minimised the number of people who lost out and maximised those who either retained the same level of support or were better off. This was achieved without increasing the overall cost of the scheme. The new scheme included provision to pay those on the lowest incomes a maximum of 100% and provided for an Exceptional Hardship Scheme to allow us to provide discretionary support on a case-by-case basis to people who were detrimentally impacted by the change in rules.

Key elements of the Somerset scheme

62. Detailed below is a summary of the key elements of the Somerset scheme. The full scheme rules are detailed at Appendix 3.
- *Income Banded Scheme* –
 - This allows for small fluctuations in a claimant's income without requiring us to reassess their entitlement each time their income varies. This reduces administration, re-billing costs, the volume of new bills being issued to claimants and helps to improve collection rates
 - The scheme allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and / or dependents
 - *Income disregards* – the scheme disregards certain types of income e.g.
 - To encourage work, a standard £25 a week disregard is provided against all earnings
 - Disability benefits such as Disability Living Allowance and Personal Independence Allowance will continue to be disregarded

- Where any applicant, their partner or dependant child(ren) are disabled, a further disregard of £30 a week is given
 - Carer's Allowance and the Support Component of Employment and Support Allowance is disregarded.
 - Child Benefit and Child Maintenance is disregarded as income;
 - An amount in respect of the housing element, within Universal credit is disregarded
 - All war pensions and war disablement pensions are disregarded
 - Extended payments will be removed
 - A capital limit of £6,000 with no tariff (or assumed income) is applied, which aligns with the approach taken by DWP
- *Easier to understand & administer* - the income band grid allows claimants to easily see how much they can get or how a change to their income will affect their discount. No charges are made where an applicant has non-dependants living with them. This makes the scheme more straightforward and protects low-income families where adult sons and daughters, for example, remain at home
 - *Simplified claims process* – approximately 50% of our claimants receive Universal Credit (UC). We are automatically notified by the DWP of new UC awards. In most cases, the notifications include enough information for us to make an award without the need for a Council Taxpayer to make a separate claim
 - *Maximum award of 100%* -
 - The most vulnerable taxpayers and those on the lowest incomes will get a 100% discount
 - No restriction is applied to higher banded properties
 - The Council no longer has to recover small outstanding balances from those unlikely to afford their bills – this improves administration and collection rates and reduces the cost of collection
 - *Exceptional Hardship Scheme* – this gives us the ability to provide discretionary help to Council Taxpayers, whether they receive CTR or not, to assist them in meeting their Council Tax bills. It provides us with a flexible mechanism to provide support in abnormal circumstances where people are suffering hardship as a result.

Light-touch review of the existing scheme

63. The Council is, as stated above, required to agree a CTR scheme for each financial year, although there is no requirement to change the rules from year-to-year. Any significant changes require full public consultation before they can be agreed and implemented.
64. Because this is a new scheme, albeit one that has only been in operation for a short period, it made sense to undertake a light touch review of the scheme before proceeding to make recommendations for next year.
65. This light touch review exercise was undertaken earlier this year. (NB. At the point the review was undertaken the scheme had only been in place for a few months. We do not yet have sufficient data to fully understand the impact of the new scheme across a longer period of time and consequently have only undertaken a light touch review at this stage). The areas considered and a summary of the findings are detailed below:
- *Initial observations & feedback from customers on the impact of implementing the new aligned scheme* – the majority of claimants either continue to receive the same amount or more under the new scheme than they previously received. We did however receive a number of initial contacts from customers who had been detrimentally impacted by the changes to the scheme. These have been dealt with and, where relevant, these customers have been advised to make applications under the Exceptional Hardship Scheme. Overall, the scheme appears to have been well received. We have only received a very small number of actual ‘appeals’ in respect of claims where people are receiving less than in previous years. (NB. We did write to people who were going to be worse off prior to issuing the bills to invite them to claim Exceptional Hardship)
 - *The maximum award of 100% for working age claimants* - unsurprisingly, this appears to have been well received. In terms of the impact of the increase to 100% on the overall spend, the total cost of the scheme as a proportion of the gross debit is actually slightly lower this year than last year (see Table 1).
 - *The impact on claimants who have been detrimentally impacted* – to date we have paid out £175k in Exceptional Hardship payments and we anticipate paying up to £350k for the full year. This is higher than the total spent last year (£180k), but is within the £500k anticipated potential cost for this year. This is indicative of the new scheme rules not having caused a significant

detrimental impact. (NB. We have in fact received additional one-off funding from Government this year to support people on low incomes to pay their Council Tax, which is being used in part to fund the EH claims)

We are keeping the EH scheme under close review across the four legacy district teams to ensure the consistency of our approach to assessing claims and to promoting the scheme

- *The income band thresholds* – the conclusion, as outlined above, is that we should increase the income band thresholds in line with the inflationary uplift in state benefits for next year. Doing so will ensure that the majority of claimants, most of whom receive state benefits, will continue to receive the same proportion of CTR as they currently receive
- *Stakeholder feedback* - as part of the consultation exercise last year we engaged directly with the public and key stakeholders. Since the scheme came into operation in April 2023 we have received feedback from Citizens Advice regarding elements of the scheme, including a suggested change in relation to the treatment of the Limited Capability for Work Element of Universal Credit for income disregard purposes. We have considered the proposed change, sought expert advice, reviewed how other councils deal with this element, and have concluded that no change is required following the completion of a due regard process.
- *National trends* – around 13% of local authorities have changed their CTR schemes for the current financial year. The most common changes were to:
 - Make the schemes more generous in view of the economic climate and the squeeze on household finances; and to
 - Implement income banded schemes, which are now operated by 30% of local authorities.
- *The overall cost of the scheme to date* – Table 1 above details the overall cost of the scheme to date this year both in financial terms and as proportion of the overall gross Council Tax debit. We are spending broadly the same proportion of the overall Council Tax debit (circa 7%) on CTR, as was spent last year, although the proportion has reduced very slightly. This reduction is in large part driven by the ongoing trend in caseload reduction and we anticipate a further slight reduction next year.

66. We have not considered as part of the light touch review things such as the anticipated longer-term improvement in collection rates because it is too early at this stage to properly analyse any impact from the data. In addition, the delay in posting cash resulting from the implementation of the new finance system has impacted on our ability to chase unpaid amounts in certain areas.

Conclusions from the light touch review

67. The review indicates that the scheme is working well, has not had any significant detrimental impact on the majority of claimants and that overall spend remains, as anticipated, proportionately the same as for the previous year, despite the change in the scheme rules.
68. No major changes to next year's scheme were identified as being required as a result of the review. Consequently, no public consultation exercise was undertaken. The review did conclude that it would make sense to uprate the income band thresholds within the scheme by the same indices of inflation used by Govt. to increase state benefits (usually the September CPI figure). Doing this would help to protect the proportion of CTR received by our working age claimants, the majority of whom receive state benefits. Changes to the income band thresholds are provided for within our existing scheme rules and consequently do not require public consultation.

The impact of the Council's financial position

69. The Council's financial position has significantly worsened since the review was undertaken and to the extent where all expenditure now needs to be considered for potential savings.
70. We have not, for the reasons stated above, proposed major changes to the CTR scheme for next year and have not consulted. Realistically there is not now time to develop, model, consult on and implement (in four separate IT systems) major changes to the CTR scheme for next year. However, we can still determine whether we choose to uprate the income band thresholds in the scheme. Not uprating or increasing by a lower amount than the figure used by Govt. to increase state benefits or, to a lesser extent, to wage increases, does provide the opportunity to deliver some cost reductions. This paper sets out three options for Members to consider:
- Option 1 – NOT uprating i.e. retaining the existing thresholds, which will maximise the potential cost reduction;

- Option 2 – uprating by 50% of the rate applied by Govt. to state benefits, which will deliver a cost reduction, but at a lower amount than option 1; or
- Option 3 – uprating by the same percentage increase applied by Govt. to state benefits (6.7%), which will largely protect the proportions received by existing working age claimants, but is unlikely to deliver significant cost reductions.

71. Govt. have announced that state benefits will rise by 6.7% for the coming financial year and the National Living Wage by 9.8%.
72. Options 1 and 2 would reduce expenditure on the main CTR scheme. Consequently, this is likely to result in increases in the numbers of applications for EH. Consequently, we should make provision for additional EH costs this within the Council Tax calculations for next year should one of these options be chosen.
73. It is prudent to assume that either option 1 and 2 will impact detrimentally on collection rates for next year. Both options would result in our reducing the amount of CTR paid to people on low incomes and would increase the amount of Council Tax they are required to pay. This would be in addition to the anticipated annual increase in Council Tax charges. It is difficult to predict the actual impact on collection rates over the longer term, but, again we will need to make provision for this.
74. Option 3, by aligning our increase in our income band thresholds to that used by Govt. for state benefits (6.7%), largely protects the proportions of CTR received by the majority of existing claimants. However, existing claimants who receive the National Living Wage may still in some cases see a reduction in the amount of CTR they receive. This is because the National Living Wage has increased by a greater percentage than state benefits.

Background Papers

73. [Meeting of SCC County Council on Wednesday, 23rd November, 2022, 10.00 am - Modern Council \(somerset.gov.uk\)](#) (see agenda item 6, Paper B & Paper B App D)

Appendices




- Appendix 1 – Equalities Impact Analysis in respect of uprating in line with the DWP increase in state benefits
- Appendix 2 – Equalities Impact Analysis for NOT uprating in line with the DWP increase in state benefits
- Appendix 3 – Summary of the income band threshold options for 2024/25
- Appendix 4 – Proposed EH scheme for 2024/25
- Appendix 5 – Proposed CTR scheme for 2024/25

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	21 Oct 2023
Communications	Peter Elliott	24 Oct 2023
Finance & Procurement	Nicola Hix	25 Oct 2023
Workforce	Alyn Jones	26 Oct 2023
Asset Management	Oliver Woodhams	14 Oct 2023
Executive Director / Senior Manager	Nicola Hix	25 Oct 2023
Strategy & Performance	Alyn Jones	26 Oct 2023
Executive Lead Member	Cllr Liz Leyson	21 Oct 2023
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Cllr Mandy Chilcott	13 Oct 2023
Scrutiny Chair	Cllr Bob Filmer	13 Oct 2023

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

Organisation prepared for (mark as appropriate)	 Somerset Council	Yes	 NHS Somerset	No	 NHS Somerset NHS Foundation Trust	No
Version	0.3		Date Completed	11/9/2023		
Description of what is being impact assessed						
<p>The uprating of the income band thresholds within the proposed Council Tax Reduction scheme for 2024/25 in line with the inflationary uplift applied to state benefits for 2024/25 announced by Govt. in November 2025 (6.7%) i.e. option 3 outlined in the above report. The increase announced by Govt. to the National Living Wage (9.8%) is significantly higher than that used for state benefits. Consequently, existing claimants in receipt of the National Living Wage are potentially more likely to see a reduction in the amount of CTR they receive.</p>						

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				
Information relating to actual claims from individuals and their families held within the various back-office processing systems operated by Somerset Council, which includes information on age, sex and disability.				
Who have you consulted with to assess possible impact on protected groups and what have they told you? If you have not consulted other people, please explain why?				
We have not formally consulted on the proposed changes to the income bands. However, we undertook an eight-week consultation on the introduction of the current CTR scheme during the Summer of 2022. We received feedback from members of the public, in particular, Council Tax payers, CTR claimants, major preceptors (Avon and Somerset Police, Devon and Somerset Fire & Rescue Service) and key stakeholders, such as Citizens Advice, parish, town and city councils.				
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	The scheme for pension age people is mandated by Government and is unchanged by the proposed change to the income band thresholds.	☐	☐	☒

	<p>The working age scheme provided for in these proposals is open to all people of working age.</p> <p>Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by the majority of existing claimants who receive state benefits, but may see reductions in the amounts received by those in receipt of the National Living Wage.</p>			
Disability	<p>The income disregard of £30 per week together with a disregard of any Personal Independence Payments or Disability Living Allowance received (to recognise the additional costs for households containing people with a disability) remains unchanged in the proposed scheme and is unaffected by the proposed increase in the income band thresholds. In addition, by aligning the increase in the income band thresholds to the increase in state benefits, including disability benefits, we should ensure that claimants continue to receive the same proportion of CTR as they currently receive.</p>	□	□	☒
Gender reassignment	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants. No data is currently available on the numbers of people in this protected group who are getting CTR. 	□	☒	□
Marriage and civil partnership	<p>The scheme is designed to take into account the higher living costs of couples and allows for these higher living costs in the determination of the claim. This approach is unaffected by the proposed increase to the income band thresholds..</p>	□	□	☒

Pregnancy and maternity	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants. No data held at case level on pregnancy. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race and ethnicity	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants. No data held at case level. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group or at anyone holding a specific belief but will help to protect the proportion of CTR received by all existing claimants. No data held at case level. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<p>Claim data identifies that we have more female recipients of CTR than male recipients. These are made up of single people, lone parents or those who are claiming as part of a couple. Sex is not a factor used to determine the amount of CTR awarded. We have designed the scheme to maximise awards of support to those on the lowest incomes and also to minimise the impact of aligning the districts schemes across the different demographics. The proposed changes to the income band thresholds will help to protect the proportion of CTR received by existing claimants.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group, but will help to protect the proportion of CTR received by all existing claimants No data held at case level. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Armed Forces (including serving personnel, families and veterans)	The scheme provides for specific disregards for veterans and will continue to do so. These disregards are unaffected by the proposed increase to the income band thresholds. Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by existing claimants.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, e.g. carers, low income, rurality/isolation, etc.	The scheme is specifically targeted at those on low incomes and contains income disregards in relation to carers. Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by existing claimants.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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
We will promote the availability of the Exceptional Hardship scheme when the Council Tax bills are issued for the 2024/25 financial year	30/04/2024	Richard Sealy	Through the year-end project team & plan	<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.

No protected groups should be negatively impacted. If an applicant is adversely affected by the changes to the income band thresholds, additional support can be applied for through the council's Exceptional Hardship scheme.

Completed by:	Simon Doyle
Date	14 Nov 2023
Signed off by:	Richard Sealy
Date	16 Nov 2023
Equality Lead sign off name:	Tom Rutland
Equality Lead sign off date:	16 Nov 2023
To be reviewed by: (officer name)	Richard Sealy, Interim Revenues & Benefits Manager
Review date:	30 Sep 2024

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

Organisation prepared for (mark as appropriate)	 Somerset Council	Yes	 NHS Somerset	No	 NHS Somerset NHS Foundation Trust	No
Version	0.1		Date Completed	13/11/2023		
Description of what is being impact assessed						
This assessment looks at the impact of either applying no uprating to the income band thresholds within the scheme (i.e. option 1 above) or applying uprating of less than the amount applied by Govt. to state benefits (i.e. option 2 above). Govt. have announced an increase of 6.7% for state benefits and 9.8% for the National Living Wage.						
Evidence						
<p>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</p>						
Information relating to actual claims from individuals and their families held within the various back-office processing systems operated by Somerset Council, which includes information on age, sex and disability.						

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

We have not formally consulted on the proposed changes to the income bands. However, we undertook an eight-week consultation on the introduction of the current CTR scheme during the Summer of 2022. We received feedback from members of the public, in particular, Council Tax payers, CTR claimants, major preceptors (Avon and Somerset Police, Devon and Somerset Fire & Rescue Service) and key stakeholders, such as Citizens Advice, parish, town and city councils.

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	<p>The scheme for pension age people is mandated by Government and is unchanged by the proposed change to the income band thresholds. The working age scheme provided for in these proposals is open to all people of working age.</p> <p>Not increasing the income band thresholds in line with the rate of inflation used by Govt. to increase state benefits or the National Living Wage, will reduce the amount of CTR received by some of our working age claimants where this results in their income going over an income threshold.</p>	☒	☐	☐

Disability	<p>The income disregard of £30 per week together with a disregard of any Personal Independence Payments or Disability Living Allowance received (to recognise the additional costs for households containing people with a disability) remains unchanged in the proposed scheme and will remain in place with options 1 or 2.</p> <p>However, these options will see a number of existing claimants receiving a reduction in or losing CTR altogether. Given the additional living costs many disabled people experience it is not unrealistic to assume that any reductions could have a disproportionate impact on claimants who have a disability.</p>	☒	☐	☐
Gender reassignment	<p>This is not a factor used to determine entitlement to CTR. We do not hold specific data in respect of this group regarding CTR, but there is no evidence to suggest that these options will disproportionately disadvantage claimants with this characteristic.</p>	☐	☒	☐
Marriage and civil partnership	<p>The scheme is designed to take into account the higher living costs of couples and allows for these higher living costs in the determination of the claim. This approach is unaffected by these options. Whilst some claimants in this category may see a reduction in or loss altogether of their CTR, there is no evidence to suggest that they will be disproportionately impacted.</p>	☐	☒	☐

Pregnancy and maternity	This is not a factor used to determine entitlement to CTR. We do not hold specific data in respect of this group regarding CTR, but there is no evidence to suggest that these options will disproportionately disadvantage claimants with this characteristic.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race and ethnicity	This is not a factor used to determine entitlement to CTR. We do not hold specific data in respect of this group regarding CTR, but there is no evidence to suggest that these options will disproportionately disadvantage claimants with this characteristic.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	This is not a factor used to determine entitlement to CTR. We do not hold specific data in respect of this group regarding CTR, but there is no evidence to suggest that these options will disproportionately disadvantage claimants with this characteristic.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<p>This is not a characteristic used to determine entitlement to CTR. However, claim data identifies that we have more female recipients of CTR than male recipients.</p> <p>Therefore, given that these options will see reductions in the amount of CTR paid to some claimants, it is reasonable to assume that this would have a disproportionate impact on females.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	Sexual orientation is not a factor used to work out CTR. However, we have identified that these options are likely to have a greater impact on single people and single parents. Given this and the fact that data indicates that some categories of people with this characteristic are more likely to live alone, there is the potential that these options will have a disproportionate impact on some people within this group.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Armed Forces (including serving personnel, families and veterans)	The scheme provides for specific disregards for veterans and will continue to do so. These disregards are unaffected by these options which will help to protect the proportion of CTR received by existing claimants.	□	□	☒
Other, e.g. carers, low income, rurality/isolation, etc.	The scheme is specifically targeted at those on low incomes and contains income disregards in relation to carers. However, these options will in some cases reduce or remove altogether the CTR received by some claimants. Given that this is an income based scheme these options will by definition impact on people on low incomes and it is not unreasonable to assume that this will have a disproportionate impact on unpaid carers.	☒	□	□
<p>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.</p>				
Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Recommend that we make increased provision for Exceptional Hardship payments within the CTR scheme and Council Tax Setting process.	15/02/2024	Richard Sealy	Through the year-end project team & plan	□
Identify any existing claimants who are going to be significantly worse off and contact them following the Full Council decision on the new scheme in December 2023.	29/02/2024	Richard Sealy	Through the year-end project team & plan	

We will promote the availability of the Exceptional Hardship scheme when the Council Tax bills are issued for the 2024/25 financial year.	30/04/2024	Richard Sealy	Through the year-end project team & plan	<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.

No protected groups should be negatively impacted. If an applicant is adversely affected by the changes to the income band thresholds, additional support can be applied for through the council's Exceptional Hardship scheme.

Completed by:	Simon Doyle
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To be reviewed by: (officer name)	Richard Sealy, Interim Revenues & Benefits Manager

Review date:

30 Sep 2024

Summary of the income band threshold options for 2024/24

Set out below are the details of the income band thresholds relating to the three different options outlined in the report. The calculations are based of the 6.7% increase in state benefits announced by Govt. for the coming financial year in November 2023.

Option 1 – retaining the existing (2023/24) income band thresholds for 2024/25

Band	Discount (%)	Single person	Single person with one child	Single person with two children	Couple with no children	Couple with one child	Couple with two children
1	100	£0 - £95	£0 – £160	£0 - £220	£0 - £140	£0 - £200	£0 - £260
2	75	£95.01 - £155	£160.01 - £220	£220.01 - £290	£140.01 - £210	£200.01 - £260	£260.01 - £330
3	40	£155.01 - £190	£220.01 -£255	£290.01 - £370	£210.01 - £260	£260.01 - £295	£330.01 - £410
4	25	£190 - £235	£255.01 - £290	£370.01 - £480	£260.01 - £310	£295.01 - £330	£410.01 - £520
	0	Over £235	Over £290	Over £480	Over £310	Over £330	Over £520

Option 2 – uprating the income band thresholds by 50% of the increase applied by Govt. to state benefits (6.7%)

Band	Discount (%)	Single person	Single person with one child	Single person with two children	Couple with no children	Couple with one child	Couple with two children
1	100	£0 - £99	£0 – 166	£0 – 228	£0 – 145	£0 – 207	£0 - 269
2	75	£99.01 - £161	£166.01 - £228	£228.01 - £300	£145.01 - £218	£207.01 - £269	£269.01 - £342

Band	Discount (%)	Single person	Single person with one child	Single person with two children	Couple with no children	Couple with one child	Couple with two children
3	40	£161.01 - £197	£228.01 - £264	£300.01 - £383	£218.01 – £269	£269.01 – £305	£342.01 - £424
4	25	£197.01 - £243	£264.01 - £300	£383.01 - £497	£269.01 - £321	£305.01 - £342	£424.01 - £538
	0	Over £243	Over £300	Over £497	Over £321	Over £342	Over £538

Option 3 – uprating the income band thresholds by the same percentage increase applied by Govt. to state benefits (6.7%)

Band	Discount (%)	Single person	Single person with one child	Single person with two children	Couple with no children	Couple with one child	Couple with two children
1	100	£0-102	£0-£171	£0-£235	£0-150	£0-£214	£0-£278
2	75	£102.01-£166	£171.01-£235	£235.01-£310	£150.01-£225	£214.01-£278	£278.01-£353
3	40	£166.01-£203	£235.01-£273	£310.01-£395	£225.01-£278	£278.01-£315	£353.01-£438
4	25	£203.01-£251	£273.01-£310	£395.01-£513	£278.01-£331	£315.01-£353	£438.01-£555
	0	Over £251	Over £310	Over £513	Over £331	Over £353	Over £555

Council Tax Exceptional
Hardship Scheme
2024-25

1 Summary

- 1.1 Since April 2013 each billing Authority has in place its own Council Tax Reduction (CTR) scheme. Unlike the previous Council Tax Benefit scheme, this local Council Tax Reduction scheme is not fully funded by Central Government and billing Authorities are responsible for implementing their own schemes for working age people. (NB. The CTR scheme for people of pension age is defined by Government).
- 1.2 Our CTR scheme also makes provision for a discretionary Exceptional Hardship Scheme. Therefore, both schemes are provided for under the provisions of S13A 1(a) of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) and are in addition to the general power to reduce Council Tax liability under S13A 1(c) of the act.
- 1.3 This document sets out the Council's Exceptional Hardship Scheme for assisting people who are experiencing financial difficulty in paying their Council Tax.
- 1.4 The Exceptional Hardship Scheme is targeted to those taxpayers who either apply for Council Tax Reduction but fail to qualify or those taxpayers who receive Council Tax Reduction but who are of the opinion that they require more support.
- 1.5 The Exceptional Hardship Fund is financed through the Council's Collection fund and is available to those households facing exceptional hardship.

2 Objectives of the scheme

- 2.1 The Exceptional Hardship Scheme aims to support local people experiencing financial hardship who are struggling or unable to pay their Council Tax by providing short term financial assistance.

3 Eligibility

- 3.1 To be eligible for a Council Tax Exceptional Hardship payment the taxpayer must be resident at the address for which they have a Council Tax liability in the Somerset Council area.
- 3.2 Each application will be considered on its own merits and any payment made will be at the discretion of the Council. Exceptional Hardship is not defined in this policy. However, it is useful to refer to the dictionary definitions of each word.
 - 'Exceptional' – unusual, extraordinary, not typical
 - 'Hardship' – a condition that is difficult to endure; suffering; deprivation
- 3.3 Awards for Exceptional Hardship cannot be used:

- for any other reason, other than to reduce Council Tax Liability;
- where an authorised officer from the Council considers the Taxpayer has not taken reasonable steps to reduce unnecessary expenses or the outstanding amount of Council Tax is as a result of wilful refusal or culpable neglect;
- to cover a shortfall caused by a Department for Work and Pensions sanction or suspension which has been applied because the Council Taxpayer has turned down work / interview / training opportunities; and
- to offset any penalties, court costs or enforcement agency costs.

4 Award criteria

4.1 When considering an application for Exceptional Hardship, the Council will take into account:

- whether the applicant receives Council Tax Reduction, the shortfall between the award of CTR and their Council Tax liability;
- the steps taken by the applicant to reduce their Council Tax liability (ensuring all discounts, reliefs and reductions are granted) or affordability (for example changing payment methods and making arrangements to pay their Council Tax over 12 months or setting an alternative payment arrangement to make them more affordable);
- the steps taken by the applicant to establish whether they are entitled to other welfare benefits and if so whether they have claimed them;
- whether the applicant has considered and identified, where possible, the most economical tariffs for utilities (electricity, gas, broadband, telephone, water) and cancelled non-essential contracts;
- whether a Discretionary Housing Payment has been made to help meet their rent liability;
- where the applicant has debt, the steps taken to seek debt and money advice from relevant agencies;
- the personal circumstances, age and medical circumstances of the applicant, their partner and any dependants in the household;
- any non-dependants, boarders or lodgers in the property and the financial contributions they make or could make to the income of the household;
- the income and expenditure of the applicant and their partner, including any income not considered in calculating their CTR;
- how much reasonable household expenditure exceeds income;
- the exceptional nature of the applicant's circumstances and the length of time these circumstances are likely to last;
- whether the situation and reason for the application is out of the taxpayer's control;
- any savings or capital held by the applicant, their partner, or their dependants; and
- any negative impact on the applicant following a change to the CTR scheme made by the Council that has resulted in a significant loss of CTR.

- 4.2 This list detailed in 4.1 above is not exhaustive and we will consider other relevant factors and special circumstances.
- 4.3 An award of Exceptional Hardship does not guarantee a further award will be made at a later date, even if the customer's circumstances have not changed. We will expect applicants to make efforts to either increase their income, reduce expenditure or improve their circumstances.
- 4.4 An award may be less than the shortfall between the CTR award and the applicant's Council Tax liability.
- 4.5 Awards will normally only be made in respect of the Council Tax due for the current financial year i.e. not for previous years arrears.

5 Making a claim

- 5.1 An application for Exceptional Hardship must be made in writing on an application form provided by Somerset Council. Application forms can be completed on the Council's website. If a customer cannot make a claim in writing, we can support a telephone application. We will also provide signposting to Citizens Advice or other support networks who can offer help in completing an application or offering debt and benefit advice.
- 5.2 Applicants will need to provide evidence about their circumstances, income and expenditure.
- 5.3 In most cases the person who claims Exceptional Hardship will be the person liable for Council Tax. However, the Council will accept a claim from someone acting on another's behalf, such as an appointee, if it is considered reasonable.
- 5.4 The applicant must tell us of any changes in circumstances that may be relevant to their claim.

6 Decision making process and payments

- 6.1 Both the amount and duration of the award are determined at our discretion and the decision will be made based on the evidence supplied and the circumstances of the claim.
- 6.2 The start of any award and the amount will be determined by the Council. The maximum award will be for a period of up to twelve months and subject to 6.3 below, awards will not span more than a single financial year.
- 6.3 In exceptional cases the Council may consider backdating a claim based on the individual circumstances of the case. In such instances the claim can only be considered for backdating to the previous financial year.

- 6.4 Any award will be made directly to the Council Tax account to reduce the amount of Council Tax payable.
- 6.5 If the Council becomes aware that the information contained in an application was incorrect or information has not been declared, the Council may seek to recover the value of any award. Excess (overpaid) awards will be recovered directly from the taxpayers Council Tax account, increasing the amount of Council Tax due.
- 6.6 The Council will notify the outcome of each application in writing. The notification will include the reason for the decision, the amount and duration of any award and will advise the taxpayer of their appeal rights.
- 6.7 The Council will aim to process and respond to applications for Exceptional Hardship within 1 month. Ordinarily action to recover any outstanding Council Tax for the period to which the claim relates will be suspended until the claim has been processed and a response issued.

7 Review

- 7.1 Decisions are subject to an appeals process. If the applicant is not satisfied with the decision, they may request a review in writing within one calendar month of the decision.
- 7.2 The request must state the reasons why the taxpayer disagrees with the decision. Additional evidence may be required to support a review.
- 7.3 The Council will provide a response within one month or as soon as practicable thereafter.
- 7.4 The outcome of the review will be given in writing, detailing the reasons for changing or upholding the original decision.
- 7.5 If the applicant remains dissatisfied with the outcome of any review, certain appeals against the Council's decision can be made to the Independent Valuation Tribunal Service. Further information about how to make an appeal can be found on the Council's website.
- 7.6 An applicant can also seek a judicial review of any decision.

8 Fraud

- 8.1 We are committed to protecting public funds and to ensuring that funds are awarded to the people who are rightly eligible to them. An applicant who tries to fraudulently claim a discretionary discount or Exceptional Hardship payment by falsely declaring their circumstances, providing a false statement or evidence in support of their application may have committed an offence under The Fraud Act 2006 or the Theft Act 1968. Where we suspect that

fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

**Somerset Council
Council Tax Reduction Scheme
S13A and Schedule 1a of the
Local Government Finance Act 1992**

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**Somerset Council
Council Tax Reduction Scheme
S13A and Schedule 1a of the
Local Government Finance Act 1992**

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1.0 Introduction to the Council Tax Reduction Scheme

1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period from 1st April 2024.

1.2 This document details how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1st April 2024 for a period of one financial year.

1.3 The scheme in respect of pension age applicants is defined by Central Government within the following:

- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
- Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
- Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
- The Council Tax Reduction Schemes (England) (Amendment) Regulations 2017;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2020;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022;
- The Council Tax (Demand Notices and Reduction Schemes) (England) (amendment) Regulations 2022;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023; and
- Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

The scheme for pension age applicants – Central Government’s scheme as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012

1.4 There are three main classes under the prescribed pension credit age scheme, for each of which there are a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction, such as a person subject to immigration control with limited leave to remain. The definition of a pension credit age person is a person who;

- (a) has attained the qualifying age for state pension credit; and
- (b) is not, or, if he has a partner, his partner is not;
 - i. a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance; or
 - ii. a person with an award of universal credit

The three prescribed classes are as follows;

Class A: pensioners whose income is less than the applicable amount.

On any day Class A consists of any person who is a pensioner:

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (c) who does not fall within a class of persons prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- (d) whose income (if any) for the relevant week does not exceed his applicable amount calculated in accordance with paragraph 9 and Schedule 2 of the Local Government Finance Act 1992;
- (e) not have capital savings above £16,000; and
- (f) who has made an application for a reduction under the authority's scheme.

Class B: pensioners whose income is greater than the applicable amount.

On any day class B consists of any person who is a pensioner:

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (c) who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- (d) whose income for the relevant week is greater than his applicable amount calculated in accordance with paragraph 9 and Schedule 2 to the Local Government Finance Act 1992;
- (e) in respect of whom amount A exceeds amount B where:
 - (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant's case; and
 - (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount;
- (f) not have capital savings above £16,000; and
- (g) who has made an application for a reduction under the authority's scheme.

Class C: alternative maximum Council Tax Reduction

On any day class C consists of any person who is a pensioner:

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day;
- (c) in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (d) who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the 1992 Act and excluded from the authority's scheme;
- (e) who has made an application for a reduction under the authority's scheme; and
- (f) in relation to whom the condition below is met.

The condition referred to in sub-paragraph (f) is that no other resident of the dwelling is liable to pay rent to the applicant in respect of the dwelling and there is an alternative maximum Council Tax Reduction in respect of the day in the case of that person which is derived from the income, or aggregate income, of one or more residents to whom this sub-paragraph applies.

The above applies to any other resident of the dwelling who:

- (a) is not a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount;
- (b) is not a person who is liable for council tax solely in consequence of the provisions of section 9 of the 1992 Act (spouse's or civil partner's joint and several liability for tax);
- (c) is not a person who is residing with a couple or with the members of a polygamous marriage where the applicant is a member of that couple or of that marriage and—
 - (i) in the case of a couple, neither member of that couple is a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount; or
 - (ii) in the case of a polygamous marriage, two or more members of that marriage are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount;
- (d) is not a person who, jointly with the applicant, falls within the same paragraph of section 6(2)(a) to (e) of the 1992 Act (persons liable to pay council tax) as applies in the case of the applicant; or
- (e) is not a person who is residing with two or more persons both or all of whom fall within the same paragraph of section 6(2)(a) to (e) of the 1992 Act where two or more of those persons are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount.

Disregard of certain incomes

- 1.5 For those who have reached the qualifying age for state pension credit, the Council has resolved to enhance the government scheme (as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 to disregard in full the following:
- (a) a war disablement pension;
 - (b) a war widow's pension or war widower's pension;
 - (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
 - (d) a guaranteed income payment;
 - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
 - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
 - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

The provisions outlined above, enhance the Central Government's scheme.

THE SCHEME FOR WORKING AGE APPLICANTS – THE COUNCIL'S LOCAL SCHEME

- 1.6 The adopted scheme for working age applicants is an income band scheme means test, which compares income against a range of discounts available. Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;
- (a) has not attained the qualifying age for state pension credit; or
 - (b) has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance, on an income-related employment and support allowance or on universal credit.
- 1.7 The Council has resolved that there will be **one** class of persons who will receive a reduction in line with adopted scheme. The scheme has qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction as specified within section 7 of this scheme.

Class D

To obtain reduction the individual (or partner) must:

- (a) have not attained the qualifying age for state pension credit; or
- (b) he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.
- (c) be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- (d) is not deemed to be absent from the dwelling;
- (e) not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- (f) be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (g) not have capital savings above £6,000 (subject to Schedule 3 of this scheme);
- (h) not have income above the levels specified within the scheme;
- (i) be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income* is within a range of incomes specified within Schedule 1; and
- (j) has made a valid application for reduction.

Council Tax Reduction Scheme

Details of reduction to be given for working age applicants for the financial year 2024/25

2.0 Interpretation – an explanation of the terms used within this policy

2.1 In this policy–

‘the 1992 Act’ means the Local Government Finance Act 1992;

‘the 2000 Act’ means the Electronic Communications Act 2000;

‘Abbeyfield Home’ means an establishment run by the Abbeyfield Society including all bodies corporate or incorporate which are affiliated to that Society;

‘adoption leave’ means a period of absence from work on ordinary or additional adoption leave by virtue of section 75A or 75B of the Employment Rights Act 1996;

‘an AFIP’ means an armed forces independence payment payable in accordance with an armed and reserve forces compensation scheme established under section 1(2) of the Armed Forces (Pensions and Compensation) Act 2004

‘applicant’ means a person who the authority designates as able to claim Council tax reduction – for the purposes of this policy all references are in the masculine gender but apply equally to male and female;

‘application’ means an application for a reduction under this scheme:

‘attendance allowance’ means–

(a) an attendance allowance under Part 3 of the Act;

(b) an increase of disablement pension under section 104 or 105 of the Act;

(c) a payment under regulations made in exercise of the power conferred by paragraph 7(2)(b) of Part 2 of Schedule 8 to the Act;

(d) an increase of an allowance which is payable in respect of constant attendance under paragraph 4 of Part 1 of Schedule 8 to the Act;

(e) a payment by virtue of article 14, 15, 16, 43 or 44 of the Personal Injuries (Civilians) Scheme 1983 or any analogous payment; or

(f) any payment based on need for attendance which is paid as part of a war disablement pension;

‘the authority’ means a billing authority in relation to whose area this scheme has effect by virtue of paragraph 4(6) of Schedule 1A to the 1992 Act;

‘basic rate’, where it relates to the rate of tax, has the same meaning as in the Income Tax Act 2007 (see section 989 of that Act).

‘board and lodging accommodation’ means accommodation provided to a family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises;

‘care home’ has the meaning given by section 3 of the Care Standards Act 2000 and in Scotland means a care home service within the meaning given by section 2(3) of the Regulation of Care (Scotland) Act 2001 and in Northern Ireland means a nursing home within the meaning of Article 11 of the Health and Personal Social Services Quality Improvement and Regulation (Northern Ireland) Order 2003 or a residential care home, within the meaning of Article 10 of that Order;

‘the Caxton Foundation’ means the charitable trust of that name established on 28th March 2011 out of funds provided by the Secretary of State for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with its provisions;

‘child’ means a person under the age of 16;

‘child benefit’ has the meaning given by section 141 of the SSCBA as amended by The Child Benefit (General), Child Tax Credit (Amendment) Regulations 2014 and The Child Benefit (General) (Amendment) Regulations 2015;

‘child tax credit’ means a child tax credit under section 8 of the Tax Credits Act 2002;

‘the Children Order’ means the Children (Northern Ireland) Order 1995;

‘claim’ means a claim for council tax reduction;

‘close relative’ means a parent, parent-in-law, son, son-in-law, daughter, daughter-in-law, step-parent, step-son, step-daughter, brother, sister, or if any of the preceding persons is one member of a couple, the other member of that couple;

‘contributory employment and support allowance’ means an allowance under Part 1 of the Welfare Reform Act 2007 as amended by the provisions of Schedule 3, and Part 1 of Schedule 14, to the Welfare Reform Act 2012 that remove references to an income-related allowance

and a contributory allowance under Part 1 of the Welfare Reform Act 2007 as that Part has effect apart from those provisions;

‘converted employment and support allowance’ means an employment and support allowance which is not income-related and to which a person is entitled as a result of a conversion decision within the meaning of the Employment and Support Allowance (Existing Awards) Regulations;

‘Council Tax Reduction scheme’ has the same meaning as ‘council tax reduction or reduction’
‘council tax reduction (or reduction)’ means council tax reduction as defined by S13a Local Government Finance Act 1992 (as amended);

‘couple’ means;

- (a) two people who are married to, or civil partners of, each other and are members of the same household; or
- (b) a man and a woman who are not married to each other but are living together as if they were a married couple or civil partners;

‘date of claim’ means the date on which the claim is made, or treated as made, for the purposes of this policy

‘designated authority’ means any of the following;

the local authority; or a person providing services to, or authorised to exercise any function of, any such authority;

‘designated office’ means the office designated by the authority for the receipt of claims for council tax reduction;

- (a) by notice upon or with a form approved by it for the purpose of claiming council tax reduction; or
- (b) by reference upon or with such a form to some other document available from it and sent by electronic means or otherwise on application; or
- (c) by any combination of the provisions set out in sub-paragraphs (a) and (b) above;

‘disability living allowance’ means a disability living allowance under section 71 of the Act;

‘dwelling’ has the same meaning in section 3 or 72 of the 1992 Act;

‘earnings’ has the meaning prescribed in section 25 or, as the case may be, 27;

‘the Eileen Trust’ means the charitable trust of that name established on 29th March 1993 out of funds provided by the Secretary of State for the benefit of persons eligible for payment in accordance with its provisions;

‘electronic communication’ has the same meaning as in section 15(1) of the 2000 Act;

‘employed earner’ is to be construed in accordance with section 2(1)(a) of the Act and also includes a person who is in receipt of a payment which is payable under any enactment having effect in Northern Ireland and which corresponds to statutory sick pay or statutory maternity pay;

‘Employment and Support Allowance Regulations’ means the Employment and Support Allowance Regulations 2008 and the Employment and Support Regulations 2013 as appropriate;

‘Employment and Support Allowance (Existing Awards) Regulations’ means the Employment and Support Allowance (Transitional Provisions, Housing Benefit and Council Tax Benefit) (Existing Awards) Regulations 2010;

‘family’ has the meaning assigned to it by section 137(1) of the Act and Section 9 of this scheme;

‘the Fund’ means moneys made available from time to time by the Secretary of State for the benefit of persons eligible for payment in accordance with the provisions of a scheme established by him on 24th April 1992 or, in Scotland, on 10th April 1992;

‘a guaranteed income payment’ means a payment made under article 14(1)(b) or article 21(1)(a) of the Armed Forces and Reserve Forces (Compensation Scheme) Order 2005(b);

‘he, him, his’ also refers to the feminine within this policy

‘housing benefit’ means housing benefit under Part 7 of the Act; ‘the Housing Benefit Regulations’ means the Housing Benefit Regulations 2006;

‘Immigration and Asylum Act’ means the Immigration and Asylum Act 1999;

‘an income-based jobseeker’s allowance’ and ‘a joint-claim jobseeker’s allowance’ have the same meaning as they have in the Jobseekers Act by virtue of section 1(4) of that Act;

‘income-related employment and support allowance’ means an income-related allowance under Part 1 of the Welfare Reform Act 2007;

‘Income Support Regulations’ means the Income Support (General) Regulations 1987(a);

‘independent hospital’–

- (a) in England, means a hospital as defined by section 275 of the National Health Service Act 2006 that is not a health service hospital as defined by that section;
- (b) in Wales, has the meaning assigned to it by section 2 of the Care Standards Act 2000; and
- (c) in Scotland, means an independent health care service as defined in section 2(5)(a) and (b) of the Regulation of Care (Scotland) Act 2001;

‘the Independent Living Fund (2006)’ means the Trust of that name established by a deed dated 10th April 2006 and made between the Secretary of State for Work and Pensions of the one part and Margaret Rosemary Cooper, Michael Beresford Boyall and Marie Theresa Martin of the other part;

‘invalid carriage or other vehicle’ means a vehicle propelled by a petrol engine or by electric power supplied for use on the road and to be controlled by the occupant;

‘Jobseekers Act’ means the Jobseekers Act 1995; ‘Jobseeker’s Allowance Regulations’ means the Jobseeker’s Allowance Regulations 1996 and Jobseeker’s Allowance Regulations 2013 as appropriate; ‘limited capability for work’ has the meaning given in section 1(4) of the Welfare Reform Act;

‘limited capability for work-related activity’ has the meaning given in section 2(5) of the Welfare Reform Act 2007;

‘the London Bombing Relief Charitable Fund’ means the company limited by guarantee (number 5505072), and registered charity of that name established on 11th July 2005 for the purpose of (amongst other things) relieving sickness, disability or financial need of victims (including families or dependants of victims) of the terrorist attacks carried out in London on 7th July 2005;

‘lone parent’ means a person who has no partner and who is responsible for and a member of the same household as a child or young person;

‘the Macfarlane (Special Payments) Trust’ means the trust of that name, established on 29th January 1990 partly out of funds provided by the Secretary of State, for the benefit of certain persons suffering from haemophilia;

‘the Macfarlane (Special Payments) (No.2) Trust’ means the trust of that name, established on 3rd May 1991 partly out of funds provided by the Secretary of State, for the benefit of certain persons suffering from haemophilia and other beneficiaries;

‘the Macfarlane Trust’ means the charitable trust, established partly out of funds provided by the Secretary of State to the Haemophilia Society, for the relief of poverty or distress among those suffering from haemophilia;

‘main phase employment and support allowance’ means an employment and support allowance where the calculation of the amount payable in respect of the applicant includes a component under section 2(1)(b) or 4(2)(b) of the Welfare Reform Act 2007 except in Part 1 of Schedule 1;

‘maternity leave’ means a period during which a woman is absent from work because she is pregnant or has given birth to a child, and at the end of which she has a right to return to work either under the terms of her contract of employment or under Part 8 of the Employment Rights Act 1996;

‘member of a couple’ means a member of a married or unmarried couple;

‘member of the work-related activity group’ means a claimant who has or is treated as having limited capability for work;

‘MFET Limited’ means the company limited by guarantee (number 7121661) of that name, established for the purpose in particular of making payments in accordance with arrangements made with the Secretary of State to persons who have acquired HIV as a result of treatment by the NHS with blood or blood products;

‘net earnings’ means such earnings as are calculated in accordance with this scheme;

‘net profit’ means such profit as is calculated in accordance with this scheme;

‘the New Deal options’ means the employment programmes specified in regulation 75(1)(a)(ii) of the Jobseeker’s Allowance Regulations and the training scheme specified in regulation 75(1)(b)(ii) of those Regulations;

‘new dwelling’ means, for the purposes of the definition of ‘second authority’ and sections 60C, and 61C the dwelling to which an applicant has moved, or is about to move, in which the

applicant is or will be resident;

‘occupational pension’ means any pension or other periodical payment under an occupational pension scheme but does not include any discretionary payment out of a fund established for relieving hardship in particular cases;

‘ordinary clothing or footwear’ means clothing or footwear for normal daily use, but does not include school uniforms, or clothing or footwear used solely for sporting activities;

‘partner’ means—

- (a) where an applicant is a member of a couple, the other member of that couple; or
- (b) where an applicant is polygamously married to two or more members of his household, any such member to whom he is married;

‘paternity leave’ means a period of absence from work on leave by virtue of section 80A or 80B of the Employment Rights Act 1996;

‘payment’ includes part of a payment;

‘pensionable age’ has the meaning given by the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995 as amended by the Public Services Pension Act 2013 and Pensions Act 2014;

‘pension fund holder’ means with respect to a personal pension scheme or an occupational pension scheme, the trustees, managers or scheme administrators, as the case may be, of the scheme concerned;

‘pensioner’ a person who has attained the age at which pension credit can be claimed;

‘person affected’ shall be construed as a person to whom the authority decides is affected by any decision made by the council;

‘personal independence payment’ has the meaning given by Part 4 of the Welfare Reform Act 2012 and the Social Security (Personal Independence Payments) 2013;

‘person treated as not being in Great Britain’ has the meaning given by section 7;

‘personal pension scheme’ means—

- (a) a personal pension scheme as defined by section 1 of the Pension Schemes Act 1993 as amended by the Public Service Pension Act 2013;
- (b) an annuity contractor trust scheme approved under section 20 or 21 of the Income and Corporation Taxes Act 1988 or a substituted contract within the meaning of section 622(3) or that Act which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(f) of Schedule 36 of the Finance Act 2004;
- (c) a personal pension scheme approved under Chapter 4 of Part 14 of the Income and Corporation Taxes Act 1988 which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(g) of Schedule 36 to the Finance Act 2004;

‘policy of life insurance’ means any instrument by which the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, or any instrument evidencing a contract which is subject to payment of premiums for a term dependent on human life;

‘polygamous marriage’ means a marriage to which section 133(1) of the Act refers namely;

- (a) a person is a husband or wife by virtue of a marriage entered into under law which permits polygamy; and
- (b) either party to the marriage has for the time being any spouse additional to the other party.

‘public authority’ includes any person certain of whose functions are functions of a public nature;

‘qualifying age for state pension credit’ means (in accordance with section 1(2)(b) and (6) of the State Pension Credit Act 2002)—

- (a) in the case of a woman, pensionable age; or
- (b) in the case of a man, the age which is pensionable age in the case of a woman born on the same day as the man;

‘qualifying contributory benefit’ means;

- (a) severe disablement allowance;
- (b) incapacity benefit;
- (c) contributory employment and support allowance;

‘qualifying course’ means a qualifying course as defined for the purposes of Parts 2 and 4 of the Job Seeker’s Allowance Regulations 1996

‘qualifying income-related benefit’ means

- (a) income support;
- (b) income-based jobseeker’s allowance;
- (c) income-related employment and support allowance;

‘qualifying person’ means a person in respect of whom payment has been made from the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;

‘reduction week’ means a period of seven consecutive days beginning with a Monday and ending with a Sunday;

‘relative’ means a close relative, grandparent, grandchild, uncle, aunt, nephew or niece;

‘relevant authority’ means an authority administering council tax reduction;

‘relevant week’ In relation to any particular day, means the week within which the day in question falls;

‘resident’ has the meaning it has in Part 1 or 2 of the 1992 Act;

‘self-employed earner’ is to be construed in accordance with section 2(1)(b) of the Act;

‘self-employment route’ means assistance in pursuing self-employed earner’s employment whilst participating in–

- (a) an employment zone programme;
- (b) a programme provided or other arrangements made pursuant to section 2 of the 1973 Act (functions of the Secretary of State) or section 2 of the Enterprise and New Towns (Scotland) Act 1990 (functions in relation to training for employment, etc.);
- (c) the Employment, Skills and Enterprise Scheme;
- (d) a scheme prescribed in regulation 3 of the Jobseeker’s Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;
- (e) Back to Work scheme.

‘single applicant’ means an applicant who neither has a partner nor is a lone parent;

‘the Skipton Fund’ means the ex-gratia payment scheme administered by the Skipton Fund Limited, incorporated on 25th March 2004, for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with the scheme’s provisions.

‘special account’ means an account as defined for the purposes of Chapter 4A of Part 8 of the Jobseeker’s Allowance Regulations or Chapter 5 of Part 10 of the Employment and Support Allowance Regulations;

‘sports award’ means an award made by one of the Sports Councils named in section 23(2) of the National Lottery etc. Act 1993 out of sums allocated to it for distribution under that section;

‘the SSCBA’ means the Social Security Contributions and Benefits Act 1992

‘State Pension Credit Act’ means the State Pension Credit Act 2002;

‘student’ has the meaning prescribed in section 43;

‘subsistence allowance’ means an allowance which an employment zone contractor has agreed to pay to a person who is participating in an employment zone programme;

‘reduction week’ means a period of 7 consecutive days commencing upon a Monday and ending on a Sunday;

‘the Tax Credits Act’ means the Tax Credits Act 2002;

‘tax year’ means a period beginning with 6th April in one year and ending with 5th April in the next;

‘training allowance’ means an allowance (whether by way of periodical grants or otherwise) payable–

- (a) out of public funds by a Government department or by or on behalf of the Secretary of State, Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise, the Young People’s Learning Agency for England, the Chief Executive of Skills Funding or Welsh Ministers;
- (b) to a person for his maintenance or in respect of a member of his family; and
- (c) for the period, or part of the period, during which he is following a course of training or instruction provided by, or in pursuance of arrangements made with, the department or approved by the department in relation to him or so provided or approved by or on behalf of the Secretary of State, Skills Development Scotland Scottish Enterprise or Highlands and Islands Enterprise or the Welsh Ministers.

It does not include an allowance paid by any Government department to or in respect of a person by reason of the fact that he is following a course of full-time education, other than under arrangements made under section 2 of the 1973 Act or is training as a teacher;

‘the Trusts’ means the Macfarlane Trust, the Macfarlane (Special Payments) Trust and the Macfarlane (Special Payments) (No. 2) Trust;

‘Universal Credit’ means any payment of Universal Credit payable under the Welfare Reform Act 2012, the Universal Credit Regulations 2013, The Universal Credit (Consequential, Supplementary, Incidental and Miscellaneous Provisions) Regulations 2013, Universal Credit (Miscellaneous Amendments) Regulations 2013 and the Universal Credit (Transitional Provisions) Regulations 2014;

‘Uprating Act’ means the Welfare Benefit Up-rating Act 2013, the Welfare Benefits Up-rating Order 2014 and the Welfare Benefits Up-rating Order 2015;

‘voluntary organisation’ means a body, other than a public or local authority, the activities of which are carried on otherwise than for profit;

‘war disablement pension’ means any retired pay or pension or allowance payable in respect of disablement under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003;

‘war pension’ means a war disablement pension, a war widow’s pension or a war widower’s pension;

‘war widow’s pension’ means any pension or allowance payable to a woman as a widow under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

‘war widower’s pension’ means any pension or allowance payable to a man as a widower or to a surviving civil partner under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

‘water charges’ means;

(a) as respects England and Wales, any water and sewerage charges under Chapter 1 of Part 5 of the Water Industry Act 1991,

(b) as respects Scotland, any water and sewerage charges established by Scottish Water under a charges scheme made under section 29A of the Water Industry (Scotland) Act 2002, in so far as such charges are in respect of the dwelling which a person occupies as his home;

‘week’ means a period of seven days beginning with a Monday;

‘Welfare Reform Act’ means the Welfare Reform Act 2007;

‘Working Tax Credit Regulations’ means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended.

- 2.2 In this policy, where an amount is to be rounded to the nearest penny, a fraction of a penny shall be disregarded if it is less than half a penny and shall otherwise be treated as a whole penny.
- 2.3 For the purpose of this policy, a person is on an income-based jobseeker’s allowance on any day in respect of which an income-based jobseeker’s allowance is payable to him and on any day;
- (a) in respect of which he satisfies the conditions for entitlement to an income-based jobseeker’s allowance but where the allowance is not paid in accordance with regulation 27A of the Jobseeker’s Allowance Regulations or section 19 or 20A or regulations made under section 17A of the Jobseekers Act (circumstances in which a jobseeker’s allowance is not payable); or
- (b) which is a waiting day for the purposes of paragraph 4 of Schedule 1 to that Act and which falls immediately before a day in respect of which an income-based jobseeker’s allowance is payable to him or would be payable to him but for regulation 27A of the Jobseeker’s Allowance Regulations or section 19 or 20A or regulations made under section 17A of that Act;
- (c) in respect of which he is a member of a joint-claim couple for the purposes of the Jobseekers Act and no joint-claim jobseeker’s allowance is payable in respect of that couple as a consequence of either member of that couple being subject to sanctions for the purposes of section 20A of that Act;
- (d) in respect of which an income-based jobseeker’s allowance or a joint-claim jobseeker’s

allowance would be payable but for a restriction imposed pursuant to section 6B, 7, 8 or 9 of the Social Security Fraud Act 2001 (loss of benefit provisions).

- 2.4 For the purposes of this policy, a person is on an income-related employment and support allowance on any day in respect of which an income-related employment and support allowance is payable to him and on any day;
- (a) in respect of which he satisfies the conditions for entitlement to an income-related employment and support allowance but where the allowance is not paid in accordance with section 18 of the Welfare Reform Act disqualification; or
 - (b) which is a waiting day for the purposes of paragraph 2 of Schedule 2 to that Act and which falls immediately before a day in respect of which an income-related employment and support allowance is payable to him or would be payable to him but for section 18 of that Act.
- 2.5 For the purposes of this policy, two persons shall be taken to be estranged only if their estrangement constitutes a breakdown of the relationship between them.
- 2.6 In this policy, references to any person in receipt of state pension credit includes a person who would be in receipt of state pension credit but for regulation 13 of the State Pension Credit Regulations 2002 (small amounts of state pension credit).

3.0 Requirement to provide a National Insurance Number

- 3.1 No person shall be entitled to reduction unless the criteria below in 3.2 is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming reduction.
- 3.2 This subsection is satisfied in relation to a person if–
- (a) the claim for reduction is accompanied by;
 - i. a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or
 - ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or
 - (b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated and the application for reduction is accompanied by evidence of the application and information to enable it to be allocated.
- 3.3 Paragraph 3.2 shall not apply–
- (a) in the case of a child or young person in respect of whom council tax reduction is claimed;
 - (b) to a person who;
 - i. is a person in respect of whom a claim for council tax reduction is made;
 - ii. is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act;
 - iii. is a person from abroad for the purposes of this scheme; and
 - iv. has not previously been allocated a national insurance number.

4.0 Persons who have attained the qualifying age for state pension credit

- 4.1 This scheme applies to a person if:
- (i) he has not attained the qualifying age for state pension credit; or
 - (ii) he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is;
 - (a) a person on income support, on income-based jobseeker’s allowance or an income-related employment and support allowance; or
 - (b) a person with an award of universal credit.

5.0 Persons treated as not being in Great Britain and Persons Subject to Immigration Control

Persons treated as not being in Great Britain

- 5.1 Persons treated as not being in Great Britain are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.
- 5.2 Except where a person falls within paragraph (5) or (6), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland.
- 5.3 A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland unless the person has a right to reside in one of those places.
- 5.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—
- (a) regulation 13 of the EEA Regulations;
 - (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
 - (i) a jobseeker for the purpose of the definition of “qualified person” in regulation 6(1) of those Regulations, or
 - (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;
 - (b) regulation 15A(1) of the EEA Regulations, but only in a case where the right exists under that regulation because the applicant satisfies the criteria in paragraph (5) of that regulation of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).
- 5.4A For the purposes of paragraph (3), a right to reside does not include a right which exists by virtue of a person having been granted limited leave to enter, or remain in, the United Kingdom under the Immigration Act 1971 by virtue of—
- (a) (Removed by the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021
 - (b) Appendix EU to the immigration rules made under section 3(2) of that Act;
 - (c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act; or
 - (d) having arrived in the United Kingdom with an entry clearance that was granted under Appendix EU (Family Permit) to the immigration rules made under section 3(2) of that Act.
- 5.4B Paragraph (4A)(b) does not apply to a person who—
- (a) has a right to reside granted by virtue of being a family member of a relevant person of Northern Ireland; and
- would have a right to reside under the EEA Regulations if the relevant person of Northern Ireland were an EEA national, provided that the right to reside does not fall within paragraph (4)(a) or (b)
- 5.5 A person falls within this paragraph if the person is—
- (za) a person granted leave in accordance with the immigration rules made under section 3(2) of the Immigration Act 1971, where such leave is granted by virtue of—
 - (i) the Afghan Relocations and Assistance Policy; or
 - (ii) the previous scheme for locally employed staff in Afghanistan (sometimes referred to as the ex-gratia scheme);

- (zb) a person in Great Britain not coming within sub-paragraph (za) or (e) who left Afghanistan in connection with the collapse of the Afghan government that took place on 15th August 2021;
- (zc) a person in Great Britain who was residing in Ukraine immediately before 1st January 2022, left Ukraine in connection with the Russian invasion which took place on 24th February 2022 and—
 - (i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;
 - (ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or
 - (iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;
- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
- (b) a family member of a person referred to in sub-paragraph (a);
- (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
- (ca) a family member of a relevant person of Northern Ireland, with a right to reside which falls within paragraph (4A)(b), provided that the relevant person of Northern Ireland falls within paragraph (5)(a), or would do so but for the fact that they are not an EEA national;
- (cb) a frontier worker within the meaning of regulation 3 of the Citizens’ Rights (Frontier Workers) (EU Exit) Regulations 2020;
- (cc) a family member of a person referred to in sub-paragraph (cb), who has been granted limited leave to enter, or remain in, the United Kingdom by virtue of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971
- (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971
- (f) a person who has humanitarian protection granted under those rules;
- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance; or
- (ha) in receipt of an income-based jobseeker’s allowance and has a right to reside other than a right to reside falling within paragraph (4).

5.6 A person falls within this paragraph if the person is a Crown servant or member of Her Majesty’s forces posted overseas.

5.7 A person mentioned in sub-paragraph (6) is posted overseas if the person is performing overseas the duties of a Crown servant or member of Her Majesty’s forces and was, immediately before the posting or the first of consecutive postings, habitually resident in the United Kingdom.

5.8 In this regulation—
 “claim for asylum” has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;
 “Crown servant” means a person holding an office or employment under the Crown;
 “EEA Regulations” means the Immigration (European Economic Area) Regulations 2006; and the Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014 and references to the EEA Regulations are to be read with Schedule 4 to the Immigration and

Social Security Co-ordination (EU Withdrawal) Act 2020 (Consequential, Saving, Transitional and Transitory Provisions) Regulations 2020

“EEA national” has the meaning given in regulation 2(1) of the EEA Regulations;

“family member” has the meaning given in regulation 7(1)(a), (b) or (c) of the EEA Regulations, except that regulation 7(4) of the EEA Regulations does not apply for the purposes of paragraphs (4B) and (5)(ca);

“relevant person of Northern Ireland” has the meaning given in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971; and

“Her Majesty’s forces” has the same meaning as in the Armed Forces Act 2006.

Persons subject to immigration control

5.9 Persons subject to immigration control are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority’s scheme.

5.10 A person who is a national of a state which has ratified the European Convention on Social and Medical Assistance (done in Paris on 11th December 1953) or a state which has ratified the Council of Europe Social Charter (signed in Turin on 18th October 1961) and who is lawfully present in the United Kingdom is not a person subject to immigration control for the purpose of paragraph 5.9

5.11 “Person subject to immigration control” has the same meaning as in section 115(9) of the Immigration and Asylum Act 1999.

6.0 Transitional provision

6.1 The above does not apply to a person who, on 31st March 2015—

(a) is liable to pay council tax at a reduced rate by virtue of a council tax reduction under an authority’s scheme established under section 13A (2) of the Act; and

(b) is entitled to an income-based jobseeker’s allowance, until the first of the events in paragraph 6.2 occurs.

6.2 The events are—

(a) the person makes a new application for a reduction under an authority’s scheme established under section 13A (2) of the Act; or

(b) the person ceases to be entitled to an income-based jobseeker’s allowance.

6.3 In this section “the Act” means the Local Government Finance Act 1992.

7.0 Temporary Absence (period of absence)

7.1 Where a person is absent from the dwelling throughout any day then no reduction shall be payable

7.2 A person shall not, in relation to any day, which falls within a period of temporary absence from that dwelling, be a prescribed person under paragraph 7.1.

7.3 In paragraph 7.2, a ‘period of temporary absence’ means—

(a) a period of absence not exceeding 13 weeks, beginning with the first whole day on which a person resides in residential accommodation where and for so long as;

i. the person resides in that accommodation;

ii. the part of the dwelling in which he usually resided is not let or sub-let; and

iii. that period of absence does not form part of a longer period of absence from the dwelling of more than 52 weeks,

where he has entered the accommodation for the purpose of ascertaining whether it suits his

needs and with the intention of returning to the dwelling if it proves not to suit his needs;

- (b) a period of absence not exceeding 13 weeks, beginning with the first whole day of absence from the dwelling, where and for so long as;
 - i. the person intends to return to the dwelling;
 - ii. the part of the dwelling in which he usually resided is not let or sub-let; and
 - iii. that period is unlikely to exceed 13 weeks; and
- (c) a period of absence not exceeding 52 weeks, beginning with the first whole day of absence, where and for so long as
 - i. the person intends to return to the dwelling;
 - ii. the part of the dwelling in which he usually resided is not let or sub-let;
 - iii. the person is a person to whom paragraph 7.4 applies; and
 - iv. the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period.

7.4 This paragraph applies to a person who is;

- (a) detained in custody on remand pending trial or required, as a condition of bail, to reside;
 - i. in a dwelling, other than the dwelling referred to in paragraph 7.1, or
 - ii. in premises approved under section 13 of the Offender Management Act 2007 as amended by the Offender Rehabilitation Act 2014, or, detained in custody pending sentence upon conviction;
- (b) resident in a hospital or similar institution as a patient;
- (c) undergoing, or his partner or his dependent child is undergoing, in the United Kingdom or elsewhere, medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;
- (d) following, in the United Kingdom or elsewhere, a training course;
- (e) undertaking medically approved care of a person residing in the United Kingdom or elsewhere;
- (f) undertaking the care of a child whose parent or guardian is temporarily absent from the dwelling normally occupied by that parent or guardian for the purpose of receiving medically approved care of medical treatment;
- (g) in the United Kingdom or elsewhere, receiving medically approved care provided in accommodation other than residential accommodation;
- (h) a student;
- (i) receiving care provided in residential accommodation other than a person to whom paragraph 7.3a) applies; or
- (j) has left the dwelling he resides in through fear of violence, in that dwelling, or by a person who was formerly a member of the family of the person first mentioned.

7.5 This paragraph applies to a person who is:

- (a) detained in custody pending sentence upon conviction or under a sentence imposed by a court (other than a person who is detained in hospital under the provisions of the Mental Health Act 1983 (as amended by the Mental Health (Discrimination) Act 2013); and
- (b) on temporary release from detention in accordance with Rules made under the provisions of the Prison Act 1952.

7.6 Where paragraph 7.5 applies to a person, then, for any day when he is on temporary release—

- (a) if such temporary release was immediately preceded by a period of temporary absence under paragraph 7.3 b) or c), he shall be treated, for the purposes of paragraph 7.1, as if he continues to be absent from the dwelling, despite any return to the dwelling;
- (b) for the purposes of paragraph 7.4 a), he shall be treated as if he remains in detention;
- (c) If he does not fall within sub-paragraph a), he is not considered to be a person who is liable to pay Council Tax in respect of a dwelling of which he is resident

7.7 In this section;

- 'medically approved' means certified by a medical practitioner;
- 'patient' means a person who is undergoing medical or other treatment as an in-patient

in any hospital or similar institution; 'residential accommodation' means accommodation which is provided;

- (a) in a care home;
- (b) in an independent hospital;
- (c) in an Abbeyfield Home; or
- (d) in an establishment managed or provided by a body incorporated by Royal Charter or constituted by Act of Parliament other than a local social services authority;
- 'training course' means a course of training or instruction provided wholly or partly by or on behalf of or in pursuance of arrangements made with, or approved by or on behalf of, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, a government department or the Secretary of State.

8.0 Membership of a family

8.1 Within the reduction scheme adopted by the Council 'family' means;

- (a) a married or unmarried couple;
- (b) married or unmarried couple and a member of the same household for whom one of them is or both are responsible and who is a child or a young person;
- (c) two people of the same sex who are civil partners of each other and are members of the same household (with or without children);
- (d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners (with or without children),
- (e) and for the purposes of sub-paragraph (d) two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex;
- (f) except in prescribed circumstances, a person who is not a member of a married or unmarried couple and a member of the same household for whom that person is responsible and who is a child or a young person;

For the purposes of the scheme a child is further defined as a 'child or young person'

A 'child' means a person under the age of 16 and a 'Young Person' is someone aged 16 or over but under 20 and who satisfies other conditions. These conditions are:

- they are aged 16, have left 'relevant education' or training, and 31 August following the sixteenth birthday has not yet been passed;
- they are aged 16 or 17, have left education or training, are registered for work, education or training, are not in remunerative work and are still within their 'extension period';
- they are on a course of full-time non-advanced education, or are doing 'approved training', and they began that education or training before reaching the age of 19;
- they have finished a course of full-time non-advanced education, but are enrolled on another such course (other than one provided as a result of their employment);
- they have left 'relevant education' or 'approved training' but have not yet passed their 'terminal date'.

8.2 Paragraph 8.1 the definition of child or young person shall not apply to a person who is;

- (a) on income support;
- (b) an income-based jobseeker's allowance or an income related employment and support allowance; or be entitled to an award of Universal Credit; or
- (c) a person to whom section 6 of the Children (Leaving Care) Act 2000 applies.

8.3 The definition also includes a child or young person in respect of whom there is an entitlement to child benefit but only for the period that Child Benefit is payable.

9.0 Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person.

9.1 Subject to the following paragraphs a person shall be treated as responsible for a child or young person who is normally living with him, and this includes a child or young person.

9.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;

- a. the person who is receiving child benefit in respect of him; or
- b. if there is no such person;
 - i. where only one claim for child benefit has been made in respect of him, the person who made that claim; or
 - ii. in any other case the person who has the primary responsibility for him.

9.3 For the purposes of this scheme a child or young person shall be the responsibility of only one person in any reduction week and any person other than the one treated as responsible for the child or young person under this section shall be treated as not so responsible.

10.0 Circumstances in which a child or young person is to be treated as being or not being a member of the household

10.1 Subject to paragraphs 10.2 and 10.3, the applicant and any partner and, where the applicant or his partner is treated as responsible for a child or young person, that child or young person and any child of that child or young person, shall be treated as members of the same household notwithstanding that any of them is temporarily absent from that household.

10.2 A child or young person shall not be treated as a member of the applicant's household where he is;

- (a) placed with the applicant or his partner by a local authority under section 23(2)(a) of the Children Act 1989 or by a voluntary organisation under section 59(1)(a) of that Act, or in Scotland boarded out with the applicant or his partner under a relevant enactment; or
- (b) placed with the applicant or his partner prior to adoption; or
- (c) placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002.

10.3 Subject to paragraph (4), paragraph (1) shall not apply to a child or young person who is not living with the applicant and he—

- (a) is being looked after by, or in Scotland is in the care of, a local authority under a relevant enactment; or
- (b) has been placed, or in Scotland boarded out, with a person other than the applicant prior to adoption; or
- (c) has been placed for adoption in accordance with the Adoption and Children Act 2002 or the Adoption Agencies (Scotland) Regulations 2009; or in accordance with an adoption allowance scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (adoption allowances schemes).

10.4 The authority shall treat a child or young person to whom paragraph (3a) applies as being a member of the applicant's household in any reduction week where;

- (a) that child or young person lives with the applicant for part or all of that reduction week; and
- (b) the authority considers that it is responsible to do so taking into account the nature and frequency of that child's or young person's visits.

10.5 In this paragraph 'relevant enactment' means the Army Act 1955, the Air Force Act 1955, the Naval Discipline Act 1957, the Matrimonial Proceedings (Children) Act 1958, the Social Work

(Scotland) Act 1968, the Family Law Reform Act 1969, the Children and Young Persons Act 1969, the Matrimonial Causes Act 1973, the Children Act 1975, the Domestic Proceedings and Magistrates' Courts Act 1978, the Adoption and Children (Scotland) Act 1978, the Family Law Act 1986, the Children Act 1989, the Children (Scotland) Act 1995 and the Legal Aid, Sentencing and Punishment of Offenders Act 2012 as amended.

11.0 Calculation of income and capital of members of applicant's family and of a polygamous marriage

11.1 The income and capital of an applicant's partner within this scheme and for the purposes of claiming council tax reduction is to be treated as income and capital of the applicant and shall be calculated or estimated in accordance with the following provisions in like manner as for the applicant; and any reference to the 'applicant' shall, except where the context otherwise requires be construed for the purposes of this scheme as if it were a reference to his partner.

11.2 Where an applicant or the partner of is married polygamously to two or more members of his household—

- (a) the applicant shall be treated as possessing capital and income belonging to each such member; and
- (b) the income and capital of that member shall be calculated in accordance with the following provisions of this scheme in like manner as for the applicant.

11.3 The income and capital of a child or young person shall not be treated as the income and capital of the applicant.

12.0 Calculation of income and capital: persons who have an award of universal credit

12.1 Any universal credit data or notification received by the authority may be used as a claim for reduction or in the assessment of council tax reduction including data received from the Secretary of State where the applicant no longer qualifies for a universal credit award

12.2 In determining the income of an applicant

- (a) who has, or
- (b) who (jointly with his partner) has,

an award of universal credit the authority may use the calculation or estimate of the income of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining the award of universal credit. The authority may use any other assessment based on the information provided by the Secretary of State.

12.3 The authority may adjust the amount referred to in sub-paragraph (2) to take account of

- (a) income consisting of the award of universal credit;
- (b) any sum to be disregarded in the calculation of earnings;
- (c) any sum to be disregarded in the calculation of income other than earnings; and
- (d) any sum which may be disregarded as housing costs;

12.4 The amount for the award of universal credit is to be determined by multiplying the amount of the award by 12 and dividing the product by 52.

12.5 In determining the capital of an applicant;

- (a) who has, or
- (b) who (jointly with his partner) has,

an award of universal credit, the authority must use the calculation or estimate of the capital of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining that award

13.0 Calculation of income on a weekly basis

13.1 For the purposes of this scheme the income of an applicant shall be calculated on a weekly basis by estimating the amount which is likely to be his average weekly income.

14.0 Average weekly earnings of employed earners

14.1 Where an applicant's income consists of earnings from employment as an employed earner his average weekly earnings shall be estimated by the authority by reference to his actual earnings over a period determined by the authority as reasonable.

14.2 Where the applicant is recently employed and cannot furnish the appropriate evidence, the authority may require the applicant's employer to furnish an estimate of the applicant's likely weekly earnings over such period as the authority may require and the applicant's average weekly earnings shall be estimated by reference to that estimate.

14.3 Where the amount of an applicant's earnings changes during an award the authority shall estimate his average weekly earnings by reference to his likely earnings from the employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately.

15.0 Average weekly earnings of self-employed earners

15.1 Where an applicant's income consists of earnings from employment as a self-employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately.

16.0 Average weekly income other than earnings

16.1 An applicant's income which does not consist of earnings shall be estimated over such period as is appropriate in order that his average weekly income may be estimated accurately.

17.0 Calculation of average weekly income from tax credits

17.1 Where this section applies, the period over which a tax credit is to be taken into account shall be the period set out in paragraph (2)

17.2 Where the instalment in respect of which payment of a tax credit is made is;

- (a) a daily instalment, the period is 1 day, being the day in respect of which the instalment is paid;
- (b) a weekly instalment, the period is 7 days, ending on the day on which the instalment is due to be paid;
- (c) a two-weekly instalment, the period is 14 days, commencing 6 days before the day on which the instalment is due to be paid;
- (d) a four-weekly instalment, the period is 28 days, ending on the day on which the instalment is due to be paid.

17.3 For the purposes of this section 'tax credit' means child tax credit or working tax credit.

18.0 Calculation of weekly income

18.1 For the purposes of this scheme where the period in respect of which a payment is made;

- (a) does not exceed a week, the weekly amount shall be the amount of that payment;
- (b) exceeds a week, the weekly amount shall be determined—
 - i. in a case where that period is a month, by multiplying the amount of the payment

- by 12 and dividing the product by 52;
- ii. in any other case, by dividing the amount of the payment by the number equal to the number of days in the period to which it relates and multiplying the quotient by 7.

18.2 The weekly amount of earnings of an applicant shall be determined by dividing his earnings over the assessment period by the number equal to the number of days in that period and multiplying the quotient by 7.

19.0 Earnings of employed earners

19.1 Earnings means in the case of employment as an employed earner, any remuneration or profit derived from that employment and includes–

- (a) any bonus or commission;
- (b) any payment in lieu of remuneration except any periodic sum paid to an applicant on account of the termination of his employment by reason of redundancy;
- (c) any payment in lieu of notice or any lump sum payment intended as compensation for the loss of employment but only in so far as it represents loss of income;
- (d) any holiday pay except any payable more than 4 weeks after termination or interruption of the employment;
- (e) any payment by way of a retainer;
- (f) any payment made by the applicant's employer in respect of expenses not wholly, exclusively and necessarily incurred in the performance of the duties of the employment, including any payment made by the applicant's employer in respect of–
- (g) (i) travelling expenses incurred by the applicant between his home and his place of employment;
- (ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
- (h) any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
- (i) any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
- (j) any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
- (k) any statutory sick pay, statutory maternity pay, statutory paternity pay, or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;
- (l) any remuneration paid by or on behalf of an employer to the applicant who for the time being is on maternity leave, paternity leave or adoption leave or is absent from work because he is ill;
- (m) the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended.

19.2 Earnings shall not include–

- (a) any payment in kind;
- (b) any payment in respect of expenses wholly, exclusively, and necessarily incurred in the performance of the duties of employment;
- (c) any occupational pension

20.0 Calculation of net earnings of employed earners

20.1 For the purposes of this scheme, the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall be his net earnings.

20.2 There shall be disregarded from an applicant's (or their partner's) net earnings, £25 per week.

This shall apply irrespective of the applicant's household and only one disregard shall be applied per claim.

- 20.3 Net earnings shall be calculated by taking into account the gross earnings of the applicant from that employment over the assessment period, less;
- (a) any amount deducted from those earnings by way of
 - i) income tax;
 - ii) primary Class 1 National Insurance contributions
 - (b) one-half of any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
 - (c) one-half of the amount calculated in accordance with paragraph 26.5 in respect of any qualifying contribution payable by the applicant; and
- 20.4 In this section 'qualifying contribution' means any sum which is payable periodically as a contribution towards a personal pension scheme.
- 20.5 The amount in respect of any qualifying contribution shall be calculated by multiplying the daily amount of the qualifying contribution by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying contribution shall be determined—
- (a) where the qualifying contribution is payable monthly, by multiplying the amount of the qualifying contribution by 12 and dividing the product by 365;
 - (b) in any other case, by dividing the amount of the qualifying contribution by the number equal to the number of days in the period to which the qualifying contribution relates.
- 20.6 Where the earnings of an applicant are estimated an appropriate estimate of net earnings shall be determined in line with paragraph (3) above.

21.0 Earnings of self-employed earners

- 21.1 'Earnings', in the case of employment as a self-employed earner, means the gross income of the employment
- 21.2 'Earnings' shall not include any payment in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority or voluntary organisation in respect of persons temporarily in the applicant's care nor shall it include any sports award.
- 21.3 This paragraph applies to—
- (a) royalties or other sums paid as a consideration for the use of, or the right to use, any copyright, design, patent or trademark; or
 - (b) any payment in respect of any—
 - (i) book registered under the Public Lending Right Scheme 1982; or
 - (ii) work made under any international public lending right scheme that is analogous to the Public Lending Right Scheme 1982, where the applicant is the first owner of the copyright, design, patent or trademark, or an original contributor to the book of work concerned.

22.0 Calculation of net profit of self-employed earners

- 22.1 For the purposes of this scheme the earnings of an applicant to be taken into account shall be
- (a) in the case of a self-employed earner who is engaged in employment on his own account, the net profit derived from that employment;
 - (b) in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners' Benefits) Regulations 1975, his share of the net profit derived from that employment, less—
 - i. an amount in respect of income tax and of national insurance contributions

- ii. payable under this scheme; and one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 22.2 There shall be disregarded from an applicant's (or their partner's) net earnings, £25 per week. This shall apply irrespective of the applicant's household and only one disregard shall be applied per claim.
- 22.3 The net profit of the employment must be calculated by taking into account the earnings for the employment over the assessment period less
 - (a) any expenses wholly and exclusively incurred in that period for the purposes of that employment;
 - (b) an amount in respect of;
 - i. income tax, and
 - ii. national insurance contributions payable calculated in accordance with section 22; and
 - iii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 22.4 For the purposes of paragraph (1b) the net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less, any expenses wholly and exclusively incurred in that period for the purposes of the employment.
- 22.5 No deduction shall be made under paragraph (3 a) or (4), in respect of–
 - (a) any capital expenditure;
 - (b) the depreciation of any capital asset;
 - (c) any sum employed or intended to be employed in the setting up or expansion of the employment;
 - (d) any loss incurred before the beginning of the assessment period;
 - (e) the repayment of capital on any loan taken out for the purposes of the employment;
 - (f) any expenses incurred in providing business entertainment, and
 - (g) any debts, except bad debts proved to be such, but this sub-paragraph shall not apply to any expenses incurred in the recovery of a debt.
- 22.6 A deduction shall be made under paragraph (3 a) or (4) in respect of the repayment of capital on any loan used for–
 - (a) the replacement in the course of business of equipment or machinery; and
 - (b) the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair.
- 22.7 The authority shall refuse to make deduction in respect of any expenses where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 22.8 For the avoidance of doubt–
 - (a) deduction shall not be made in respect of any sum unless it has been expended for the purposes of the business;
 - (b) a deduction shall be made thereunder in respect of–
 - i. the excess of any value added tax paid over value added tax received in the assessment period;
 - ii. any income expended in the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair;
 - iii. any payment of interest on a loan taken out for the purposes of the employment
- 22.9 Where an applicant is engaged in employment, as a child minder the net profit of the employment shall be one-third of the earnings of that employment, less an amount in respect of
 - (a) income tax; and

- (b) national insurance contributions calculated in accordance with section 22 (and
- (c) one-half of the amount any qualifying pension contribution in accordance with (11).

22.10 For the avoidance of doubt where an applicant is engaged in employment as a self-employed earner, and he is also engaged in one or more other employments as a self-employed or employed earner any loss incurred in any one of his employments shall not be offset against his earnings in any other of his employments.

22.11 The amount in respect of any qualifying premium shall be calculated by multiplying the daily amount of the qualifying premium by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying premium shall be determined

- (a) where the qualifying premium is payable monthly, by multiplying the amount of the qualifying premium by 12 and divided the product by 365;
- (b) in any other case, by dividing the amount of the qualifying premium by the number equal to the number of days in the period to which the qualifying premium relates.

22.12 In this section, 'qualifying premium' means any premium which is payable periodically in respect of a personal pension scheme and is so payable on or after the date of claim.

23.0 Deduction of tax and contributions of self-employed earners

23.1 The amount to be deducted in respect of income tax under section 28 shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.

23.2 The amount to be deducted in respect of national insurance contributions under section shall be the total of—

- (a) the amount of Class 2 National Insurance contributions payable at the rate applicable to the assessment period except where the applicant's chargeable income is less than the amount specified in section 11(4) of the Act (small profits threshold) for the tax year applicable to the assessment period; but if the assessment period is less than a year, the amount specified for that tax year shall be reduced pro rata; and
- (b) the amount of Class 4 contributions (if any) which would be payable under section 15 of the Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period; but if the assessment period is less than a year, those limits shall be reduced pro rata.

23.3 In this section 'chargeable income' means—

- (a) the earnings derived from the employment less any expenses deducted under section 22;
- (b) in the case of employment as a child minder, one-third of the earnings of that employment.

24.0 Calculation of income other than earnings

- 24.1 For the purposes of this scheme, the income of an applicant which does not consist of earnings to be taken into account shall be his gross income and any capital treated as income under section 25.
- 24.2 There shall be disregarded from the calculation of an applicant's gross income any sum, where applicable, specified in Schedule 2.
- 24.3 Where the payment of any benefit under the benefit Acts is subject to any deduction by way of recovery the amount to be taken into account shall be the gross amount payable.
- 24.4 Where the applicant or, where he is a member of a couple, his partner is receiving a contributory employment and support allowance and that benefit has been reduced under regulation 63 of the Employment and Support Allowance Regulations, the amount of that benefit to be taken into account is the amount as if it had not been reduced.
- 24.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act is subject to a deduction by way of recovery of an overpayment of working tax credit or child tax credit which arose in a previous tax year the amount to be taken into account shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.
- 24.6 'Tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.
- 24.7 Paragraphs (7),(8), (9) and (10) apply to any applicant who is a student. Paragraph (8) and (9) apply where a relevant payment has been made to a person in an academic year; and that person abandons, or is dismissed from, his course of study before the payment to him of the final instalment of the relevant payment.
- 24.8 Where a relevant payment is made quarterly, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph (1) in respect of a person to whom paragraph (7) applies, shall be calculated by applying the formula—
$$\frac{A - (B \times C)}{D}$$

Where
A = the total amount of the relevant payment which that person would have received had he remained a student until he last day of the academic term in which he abandoned, or was dismissed from, his course;
B = the number of reduction weeks from the reduction week immediately following that which includes the first day of that academic year to the reduction week which includes the day on which the person abandoned, or was dismissed from, his course;
C = the weekly amount of the relevant payment, before the application of the £10 disregard, which would have been taken into account as income had the person not abandoned or been dismissed from, his course and, in the case of a person who was not entitled to council tax reduction immediately before he abandoned or was dismissed from his course, had that person, at that time, been entitled to housing benefit;
D = the number of reduction weeks in the assessment period.
- 24.9 Where a relevant payment is made by two or more instalments in a quarter, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph (1) in respect of a person to whom paragraph (8) applies, shall be calculated by applying the formula in paragraph (8) but as if—
A = the total amount of relevant payments which that person received, or would have received, from the first day of the academic year to the day the person abandoned the course or was dismissed from it.

24.10 In this section– ‘academic year’ and ‘student loan’ shall have the same meanings as for the purposes of this scheme, ‘assessment period’ means–

- (a) in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;
- (b) in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes–
 - i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or
 - ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person.

whichever of those date is earlier

‘quarter’ in relation to an assessment period means a period in that year beginning on;

- (a) 1st January and ending on 31st March;
- (b) 1st April and ending on 30th June;
- (c) 1st July and ending on 31st August; or
- (d) 1st September and ending on 31st December;

‘relevant payment’ means either a student loan or an amount intended for the maintenance of dependants.

25.0 Capital treated as income and Notional Income

25.1 Any payment received under an annuity shall be treated as income.

25.2 Any earnings to the extent that they are not a payment of income shall be treated as income.

25.3 Any Career Development Loan paid pursuant to section 2 of the 1973 Act shall be treated as income

25.4 Where an agreement or court order provides that payments shall be made to the applicant in consequence of any personal injury to the applicant and that such payments are to be made, wholly or partly, by way of periodic payments, any such periodic payments received by the applicant (but not a payment which is treated as capital), shall be treated as income.

25.6 An applicant shall be treated as possessing income of which he has deprived himself for the purpose of securing entitlement of reduction or increasing the amount of that reduction.

25.7 Except in the case of–

- (a) a discretionary trust;
- (b) a trust derived from a payment made in consequence of a personal injury;
- (c) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund where the applicant has not attained the qualifying age for state pension credit;
- (d) rehabilitation allowance made under section 2 of the 1973 Act;
- (e) child tax credit; or
- (f) working tax credit,

any income which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by the applicant but only from the date on which it could be expected to be acquired were an application made.

25.8 Any payment of income made–

- (a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under or by a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
- (b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in sub-paragraph a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
- (c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

25.9 This section shall not apply in respect of a payment of income made—

- (a) under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006);
- (b) pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);
- (c) pursuant to section 2 of the 1973 Act in respect of a person's participation—
 - (i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
 - (ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
 - (iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
 - (iv) in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations or;
 - (v) in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
- (d) in respect of a previous participation in the Mandatory Work Activity Scheme;
- (e) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
 - (i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration, or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;
 - (ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
 - (iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

25.10 Where an applicant is in receipt of any benefit under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from 1st April in that year.

25.11 Where—

- (a) applicant performs a service for another person; and
- (b) that person makes no payment of earnings or pays less than that paid for a comparable employment in the area, the authority shall treat the applicant as possessing such earnings (if any) as is reasonable for that employment unless the applicant satisfies the authority that the means of that person are insufficient for him to pay or to pay more for the service.

25.12 Paragraph (11) shall not apply–

- (a) to an applicant who is engaged by a charitable or voluntary organisation or who is a volunteer if the authority is satisfied in any of those cases that it is reasonable for him to provide those services free of charge; or
- (b) in a case where the service is performed in connection with–
 - (i) the applicant’s participation in an employment or training programme in accordance with regulation 19(1)(q) of the Jobseeker’s Allowance Regulations, other than where the service is performed in connection with the applicant’s participation in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations or
 - (ii) the applicant’s or the applicant’s partner’s participation in an employment or training programme as defined in regulation 19(3) of those Regulations for which a training allowance is not payable or, where such an allowance is payable, it is payable for the sole purpose of reimbursement of travelling or meal expenses to the person participating in that programme ; or
- (c) to an applicant who is participating in a work placement approved by the Secretary of State (or a person providing services to the Secretary of State) before the placement starts.

25.13 ‘Work placement’ means practical work experience which is not undertaken in expectation of payment.

25.14 Where an applicant is treated as possessing any income under this section, the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of that income as if a payment has actually been made and as if it were actual income which he does possess.

25.15 Where an applicant is treated as possessing any earnings under this section his net earnings shall be calculated by taking into account those earnings which he is treated as possessing, less;

- (a) an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the starting rate or, as the case may be, the starting rate and the basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under sections 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the starting rate of tax is to be applied and the amount of the personal relief deductible under this subparagraph shall be calculated on a pro rate basis;
- (b) an amount equivalent to the amount of the primary Class 1 National Insurance contributions that would be payable by him in respect of those earnings if such contributions were payable; and
- (c) one-half of any sum payable by the applicant by way of a contribution towards an occupational or personal pension scheme.

26.0 Capital limit

26.1 For the purposes of this scheme, the prescribed amount is £6,000 (subject to Schedule 3 of this scheme) and no reduction shall be granted when the applicant has an amount greater than this level.

27.0 Calculation of capital

27.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under this scheme.

27.2 There shall be disregarded from the calculation of an applicant’s capital under paragraph (1), any capital, where applicable, specified in Schedule 3.

28.0 Disregard of capital of child and young person

28.1 The capital of a child or young person who is a member of the applicant's family shall not be treated as capital of the applicant.

29.0 Income treated as capital.

29.1 Any amount derived from employment and paid at intervals of at least one year shall be treated as capital.

29.2 Any amount by way of a refund of income tax deducted from profits or emoluments chargeable to income tax under Schedule D or E shall be treated as capital.

29.3 Any holiday pay which is not earnings shall be treated as capital.

29.4 Any income derived from capital shall be treated as capital but only from the date it is normally due to be credited to the applicant's account.

29.5 In the case of employment as an employed earner, any advance of earnings or any loan made by the applicant's employer shall be treated as capital.

29.6 Any charitable or voluntary payment which is not made or due to be made at regular intervals, other than a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the Independent Living Fund (2006) or the London Bombings Charitable Relief Fund, shall be treated as capital.

29.7 There shall be treated as capital the gross receipts of any commercial activity carried on by a person in respect of which assistance is received under the self-employment route, but only in so far as those receipts were payable into a special account during the period in which that person was receiving such assistance.

29.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.

29.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

30.0 Calculation of capital in the United Kingdom

30.1 Capital which an applicant possesses in the United Kingdom shall be calculated at its current market or surrender value less—

- a. where there would be expenses attributable to the sale, 10 per cent.; and
- b. the amount of any encumbrance secured on it;

31.0 Calculation of capital outside the United Kingdom

31.1 Capital which an applicant possesses in a country outside the United Kingdom shall be calculated:

(a) in a case where there is no prohibition in that country against the transfer to the United Kingdom of an amount equal to its current market or surrender value in that country, at that value.

(b) in a case where there is such a prohibition, at the price which it would realise if sold in the United Kingdom to a willing buyer,

less, where there would be expenses attributable to sale, 10 per cent. and the amount of any encumbrances secured on it.

32.0 Notional capital

- 32.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to council tax reduction or increasing the amount of that reduction except to the extent that that capital is reduced in accordance with section 33.
- 32.2 Except in the case of
- (a) a discretionary trust; or
 - (b) a trust derived from a payment made in consequence of a personal injury; or
 - (c) any loan which would be obtained only if secured against capital disregarded under Schedule 3; or
 - (d) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund; or
 - (e) any sum to Schedule 3 refers; or
 - (f) child tax credit; or
 - (g) working tax credit,
- any capital which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by him but only from the date on which it could be expected to be acquired were an application made.
- 32.3 Any payment of capital, other than a payment of capital specified in paragraph (4), made
- (a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
 - (b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in subparagraph (a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
 - (c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.
- 32.4 Paragraph 32.3 shall not apply in respect of a payment of capital made:
- (a) under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;
 - (b) pursuant to section 2 of the 1973 Act in respect of a person's participation:
 - i. in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
 - ii. in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
 - iii. in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
 - iv. in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations; or
 - v. in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
 - (c) in respect of a person's participation in the Mandatory Work Activity Scheme;
 - (d) Enterprise Scheme;
 - (e) in respect of an applicant's participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme;
 - (f) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
 - vi. a bankruptcy order has been made in respect of the person in respect of whom the

payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;

- vii. the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
- viii. the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

32.5 Where an applicant stands in relation to a company in a position analogous to that of a sole owner or partner in the business of that company, he may be treated as if he were such sole owner or partner and in such a case

- (a) the value of his holding in that company shall be disregarded; and
- (b) he shall be treated as possessing an amount of capital equal to the value or, as the case may be, his share of the value of the capital of that company and the foregoing provisions of this Section shall apply for the purposes of calculating that amount as if it were actual capital which he does possess.

32.6 For so long as the applicant undertakes activities in the course of the business of the company, the amount which, he is treated as possessing under paragraph (5) shall be disregarded.

32.7 Where an applicant is treated as possessing capital under any of paragraphs (1) and (2) the foregoing provisions of this Section shall apply for the purposes of calculating its amount as if it were actual capital, which he does possess.

33.0 Diminishing notional capital rule

33.1 Where an applicant is treated as possessing notional capital the amount which he is treated as possessing shall be reduced by the amount calculated by the authority as the weekly amount of council tax reduction lost due to the inclusion of the notional capital within the calculation.

33.1 The authority shall determine the frequency by which the notional capital is reduced.

34.0 Capital jointly held

34.1 Where an applicant and one or more persons are beneficially entitled in possession to any capital asset they shall be treated as if each of them were entitled in possession to the whole beneficial interest therein in an equal share and the foregoing provisions of this Section shall apply for the purposes of calculating the amount of capital which the applicant is treated as possessing as if it were actual capital which the applicant does possess

35.0 Students - Student related definitions

35.1 In this scheme the following definitions apply;

'academic year' means the period of twelve months beginning on 1st January, 1st April, 1st July or 1st September according to whether the course in question begins in the winter, the spring, the summer or the autumn respectively but if students are required to begin attending the course during August or September and to continue attending through the autumn, the academic year of the course shall be considered to begin in the autumn rather than the summer;

'access funds' means;

- (a) grants made under section 68 of the Further and Higher Education Act 1992 for the purpose of providing funds on a discretionary basis to be paid to students;
- (b) grants made under section 73(a) and (c) and 74(1) of the Education (Scotland) Act 1980;
- (c) grants made under Article 30 of the Education and Libraries (Northern Ireland) Order 1993 or grants, loans or other payments made under Article 5 of the Further Education (Northern Ireland) Order 1997 in each case being grants, or grants, loans or other payments as the case may be, for the purpose of assisting students in financial difficulties;
- (d) discretionary payments, known as "learner support funds", which are made available to

- students in further education by institutions out of funds provided by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding under sections 100 and 101 of the Apprenticeships, Skills, Children and Learning Act 2009; or
- (e) Financial Contingency Funds made available by the Welsh Ministers;

'college of further education' means a college of further education within the meaning of Part 1 of the Further and Higher Education (Scotland) Act 1992;

'contribution' means;

- (a) any contribution in respect of the income of a student or any person which the Secretary of State, the Scottish Ministers or an education authority takes into account in ascertaining the amount of a student's grant or student loan; or
- (b) any sums, which in determining the amount of a student's allowance or bursary in Scotland under the Education (Scotland) Act 1980, the Scottish Ministers or education authority takes into account being sums which the Scottish Ministers or education authority consider that it is reasonable for the following person to contribute towards the holder's expenses;
- (i) the holder of the allowance or bursary;
 - (ii) the holder's parents;
 - (iii) the holders parent's spouse, civil partner or a person ordinarily living with the holder's parent as if he or she were the spouse or civil partner of that parent; or
 - (iv) the holder's spouse or civil partner;

'course of study' means any course of study, whether or not it is a sandwich course and whether or not a grant is made for attending or undertaking it;

'covenant income' means the gross income payable to a full-time student under a Deed of Covenant by his parent;

'education authority' means a government department, a local education authority as defined in section 12 of the Education Act 1996 (interpretation), a local education authority as defined in section 123 of the Local Government (Scotland) Act 1973 an education and library board established under Article 3 of the Education and Libraries (Northern Ireland) Order 1986, any body which is a research council for the purposes of the Science and Technology Act 1965 or any analogous government department, authority, board or body of the Channel Island, Isle of Man or any other country outside Great Britain;

'full-time course of study' means a full-time course of study which;

- (a) is not funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers or a full-time course of study which is not funded in whole or in part by the Scottish Ministers at a college of further education or a full-time course of study which is a course of higher education and is funded in whole or in part by the Scottish Ministers;
- (b) is funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers if it involves more than 16 guided learning hours per week for the student in question, according to the number of guided learning hours per week for that student set out—
- (i) in the case of a course funded by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding, in the student's learning agreement signed on behalf of the establishment which is funded by either of those persons for the delivery of that course; or
 - (ii) in the case of a course funded by the Welsh Ministers, in a document signed on behalf of the establishment which is funded by that Council for the delivery of that course; or
- (c) is not higher education and is funded in whole or in part by the Scottish Ministers at a college of further education and involves—
- (i) more than 16 hours per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff according to the number of hours set out in a document signed on behalf of the college; or
 - (ii) 16 hours or less per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff and additional hours using structured learning packages supported by the teaching staff where the combined total of hours

exceeds 21 hours per week, according to the number of hours set out in a document signed on behalf of the college;

'full-time student' means a person attending or undertaking a full-time course of study and includes a student on a sandwich course;

'grant' means any kind of educational grant or award and includes any scholarship, studentship, exhibition allowance or bursary;

'grant income' means

- (a) any income by way of a grant;
- (b) any contribution whether or not it is paid;

'higher education' means higher education within the meaning of Part 2 of the Further and Higher Education (Scotland) Act 1992; 'last day of the course' means;

- (a) in the case of a qualifying course, the date on which the last day of that course falls or the date on which the final examination relating to that course is completed, whichever is the later;
- (b) in any other case, the date on which the last day of the final academic term falls in respect of the course in which the student is enrolled;

'period of study' means—

- (a) in the case of a course of study for one year or less, the period beginning with the start of the course and ending with the last day of the course;
- (b) in the case of a course of study for more than one year, in the first or, as the case may be, any subsequent year of the course, other than the final year of the course, the period beginning with the start of the course or, as the case may be, the year's start and ending with either—
 - (i) the day before the start of the next year of the course in a case where the student's grant or loan is assessed at a rate appropriate to his studying throughout the year, or, if he does not have a grant or loan, where a loan would have been assessed at such a rate had he had one; or
 - (ii) in any other case, the day before the start of the normal summer vacation appropriate to his course;
- (c) in the final year of a course of study of more than one year, the period beginning with that year's start and ending with the last day of the course;

'periods of experience' means periods of work experience which form part of a sandwich course;

'qualifying course' means a qualifying course as defined for the purposes of Parts 2 and 4 of the Jobseeker's Allowance Regulations;

'modular course' means a course of study which consists of two or more modules, the successful completion of a specified number of which is required before a person is considered by the educational establishment to have completed the course.

'sandwich course' has the meaning prescribed in regulation 2(9) of the Education (Student Support) Regulations 2008, regulation 4(2) of the Education (Student Loans), (Scotland), Regulations 2007 or regulation 2(8) of the Education (Student Support) Regulations (Northern Ireland) 2007, as the case may be;

'standard maintenance grant' means—

- (a) except where paragraph (b) or (c) applies, in the case of a student attending or undertaking a course of study at the University of London or an establishment within the area comprising the City of London and the Metropolitan Police District, the amount specified for the time being in paragraph 2(2)(a) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 ('the 2003 Regulations') for such a student;
- (b) except where paragraph (c) applies, in the case of a student residing at his parent's home, the amount specified in paragraph 3 thereof;
- (c) in the case of a student receiving an allowance or bursary under the Education (Scotland) Act 1980, the amount of money specified as 'standard maintenance allowance' for the relevant year appropriate for the student set out in the Student Support in Scotland Guide issued by the student Awards Agency for Scotland, or its nearest equivalent in the case of a bursary provided by a college of further education or a local education authority;
- (d) in any other case, the amount specified in paragraph 2(2) of Schedule 2 to the 2003 Regulations other than in sub-paragraph (a) or (b) thereof;

‘student’ means a person, other than a person in receipt of a training allowance, who is attending or undertaking–

- (a) a course of study at an educational establishment; or
- (b) a qualifying course;

‘student loan’ means a loan towards a student’s maintenance pursuant to any regulations made under section 22 of the Teaching and Higher Education Act 1998, section 73 of the Education (Scotland) Act 1980 or Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 and shall include, in Scotland, a young student’s bursary paid under regulation 4(1)(c) of the Student’s Allowances (Scotland) Regulations 2007

35.2 For the purposes of the definition of ‘full-time student’, a person shall be regarded as attending or, as the case may be, undertaking a full-time course of study or as being on a sandwich course

- (a) in the case of a person attending or undertaking a part of a modular course which would be a full-time course of study for the purposes of this Part, for the period beginning on the day on which that part of the course starts and ending;
 - (i) on the last day on which he is registered with the educational establishment as attending or undertaking that part as a full-time course of study; or
 - (ii) on such earlier date (if any) as he finally abandons the course or is dismissed from it;
- (b) in any other case, throughout the period beginning on the date on which he starts attending or undertaking the course and ending on the last day of the course or on such earlier date (if any) as he finally abandons it or is dismissed from it.

35.3 For the purposes of sub-paragraph (a) of paragraph 43.2, the period referred to in that sub-paragraph shall include;

- a. where a person has failed examinations or has failed to successfully complete a module relating to a period when he was attending or undertaking a part of the course as a full-time course of study, any period in respect of which he attends or undertakes the course for the purpose of retaking those examinations or that module;
- b. any period of vacation within the period specified in that paragraph or immediately following that period except where the person has registered with the educational establishment to attend or undertake the final module in the course and the vacation immediately follows the last day on which he is required to attend or undertake the course.

36.0 Students who are excluded from entitlement to council tax reduction

36.1 Students except those define in paragraph (3) are not able to claim Council tax reduction under Classes D of the authority’s reduction scheme.

36.2 To be eligible for reduction, the student must be liable for Council Tax under Section 6 of the Local Government Finance Act 1992 and they must not be deemed to be a full-time student or a person from abroad within the meaning of section 7 of this scheme (persons from aboard).

36.3 Paragraph 36.2 shall not apply to a student

- (a) who is a person on income support, an income-based jobseeker’s allowance or an income-related employment and support allowance;
- (b) who is a lone parent;
- (c) who is in receipt of a Personal Independence Payment;
- (d) who has a partner who is also a full-time student, if he or that partner is treated as responsible for a child or young person;
- (e) (who is a single applicant with whom a child is placed by a local authority or voluntary organisation within the meaning of the Children Act 1989,
- (f) who is;
 - (i) aged under 21 and whose course of study is not a course of higher education, or
 - (ii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person);

- (g) in respect of whom
- i) a supplementary requirement has been determined under paragraph 9 of Part 2 of Schedule 2 to the Education (Mandatory Awards) Regulations 2003;
 - ii) an allowance, or as the case may be, bursary has been granted which includes a sum under paragraph (1)(d) or regulation 4 of the Students' Allowances (Scotland) Regulations 1999 or, as the case may be, under paragraph (1)(d) of regulation 4 of the Education Authority (Bursaries) (Scotland) Regulations 1995, in respect of expenses incurred;
 - iii) a payment has been made under section 2 of the Education Act 1962 or under or by virtue of regulations made under the Teaching and Higher Education Act 1998;
 - iv) a grant has been made under regulation 13 of the Education (Student Support) Regulations 2005 or under regulation 13 of the Education (Student Support) Regulations (Northern Ireland) 2000; or
 - v) a supplementary requirement has been determined under paragraph 9 of Schedule 6 to the Students Awards Regulations (Northern Ireland) 1999 or a payment has been made under Article 50(3) of the Education and Libraries (Northern Ireland) Order 1986,

on account of his disability by reason of deafness.

36.4 For the purposes of paragraph (3(f)(i)) the student must have begun, or been enrolled or accepted onto the course before attaining the age of 19

36.5 The reference to a course of higher education is a reference to a course of any description mentioned in Schedule 6 to the Education Reform Act 1988.

36.6 An intercalating student may be eligible for a reduction if the following circumstances are met:

- (a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
 - (i) engaged in caring for another person; or
 - (ii) ill;
- (b) he has subsequently ceased to be engaged in engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
- (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph (7).

36.7 The period specified for the purposes of paragraph (6) is the period, not exceeding one year, beginning on the day on which he ceased to be engaged in caring for that person or, as the case may be, the day on which he recovered from that illness and ending on the day before;

- (a) the day on which he resumes attending or undertaking the course; or
 - (b) the day from which the relevant educational establishment has agreed that he may resume attending or undertaking the course,
- which shall first occur.

37.0 Students - Calculation of grant income

37.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs (2) and (3), be the whole of his grant income.

37.2 There shall be excluded from a student's grant income any payment;

- (a) intended to meet tuition fees or examination fees;
- (b) in respect of the student's disability;
- (c) intended to meet additional expenditure connected with term time residential study away from the student's educational establishment;

- (d) on account of the student maintaining a home at a place other than that at which he resides during his course;
- (e) on account of any other person but only if that person is residing outside of the United Kingdom and there is no applicable amount in respect of him;
- (f) intended to meet the cost of books and equipment;
- (g) intended to meet travel expenses incurred as a result of his attendance on the course;
- (h) intended for the childcare costs of a child dependant.
- (i) of higher education bursary for care leavers made under Part III of the Children Act 1989.

37.3 Where a student does not have a student loan and is not treated as possessing such a loan, there shall be excluded from the student's grant income;

- (a) the sum of £303 per academic year in respect of travel costs; and
- (b) the sum of £390 per academic year towards the costs of books and equipment, whether or not any such costs are incurred.

37.4 There shall also be excluded from a student's grant income the grant for dependants known as the parents' learning allowance paid pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 or section 22 of the Teaching and Higher Education Act 1998.

37.5 Subject to paragraphs (6) and (7), a student's grant income shall be apportioned;

- (a) subject to paragraph (8), in a case where it is attributable to the period of study, equally between the weeks in that period beginning with the reduction week, the first day of which coincides with, or immediately follows the first day of the period of study and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study;
- (b) in any other case, equally between the weeks in the period beginning with the reduction week, the first day of which coincides with, or immediately follows, the first day of the period for which it is payable and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period for which it is payable.

37.6 Any grant in respect of dependants paid under section 63(6) of the Health Services and Public Health Act 1968 (grants in respect of the provision of instruction to officers of hospital authorities) and any amount intended for the maintenance of dependants under Part 3 of Schedule 2 to the Education (Mandatory Awards) Regulations 2004 shall be apportioned equally over the period of 52 weeks or, if there are 53 reduction weeks (including part-weeks) in the year, 53.

37.7 In a case where a student is in receipt of a student loan or where he could have acquired a student loan by taking reasonable steps but had not done so, any amount intended for the maintenance of dependants shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.

37.8 In the case if a student on a sandwich course, any periods of experience within the period of study shall be excluded and the student's grant income shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which immediately follows the last day of the period of experience and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study.

38.0 Students- Calculation of covenant income where a contribution is assessed

38.1 Where a student is in receipt of income by way of a grant during a period of study and a contribution has been assessed, the amount of his covenant income to be taken into account for that period and any summer vacation immediately following shall be the whole amount of the covenant income less, subject to paragraph (3), the amount of the contribution.

- 38.2 The weekly amount of the student's covenant shall be determined—
- (a) by dividing the amount of income which falls to be taken into account under paragraph (1) by 52 or 53, whichever is reasonable in the circumstances; and
 - (b) by disregarding from the resulting amount, £5.

39.0 Students - Covenant income where no grant income or no contribution is assessed

39.1 Where a student is not in receipt of income by way of a grant the amount of his covenant income shall be calculated as follows;

- (a) any sums intended for any expenditure specified in the calculation of grant income necessary as a result of his attendance on the course shall be disregarded;
- (b) any covenant income, up to the amount of the standard maintenance grant, which is not so disregarded, shall be apportioned equally between the weeks of the period of study;
- (c) there shall be disregarded from the amount so apportioned the amount which would have been disregarded in the calculation of grant income had the student been in receipt of the standard maintenance grant; and
- (d) the balance, if any, shall be divided by 52 or 53 whichever is reasonable in the circumstances and treated as weekly income of which £5 shall be disregarded.

39.2 Where a student is in receipt of income by way of a grant and no contribution has been assessed, the amount of his covenanted income shall be calculated in accordance with sub-paragraphs (a) to (d) of paragraph (1).

40.0 Students - Covenant Income and Grant income – non-disregard

40.1 No part of a student's covenant income or grant income shall be disregarded under this scheme

41.0 Treatment of student loans

41.1 A student loan shall be treated as income.

41.2 In calculating the weekly amount of the loan to be taken into account as income

- (a) in respect of a course that is of a single academic year's duration or less, a loan which is payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;
 - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with, or immediately follows, the first day of the single academic year;
 - (ii) where the student is required to start attending the course in August or where the course is less than an academic year's duration, the reduction week, the first day of which coincides with, or immediately follows, the first day of the course, and ending with the reduction week, the last day of which coincides with, or immediately precedes with last day of the course,
- (b) in respect of an academic year of a course which starts other than on 1st September, a loan which is payable in respect of that academic year shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year and ending with the reduction week, the last day of which coincides with or immediately precedes, the last day of that academic year but excluding any reduction weeks falling entirely within the quarter during which, in the opinion of the Secretary of State, the longest of any vacation is taken and for the purposes of this sub-paragraph, 'quarter' shall have the same meaning as for the purposes of the Education (Student Support) Regulations 2005;
- (c) in respect of the final academic year of a course (not being a course of a single year's duration), a loan which is payable in respect of that final academic year shall be apportioned equally between the weeks in the period beginning with;

(i) except in a case where (ii) applies, the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year;

(ii) where the final academic year starts on 1st September, the reduction week, the first day of which coincide with, or immediately follows, the earlier of 1st September or the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;

(d) in any other case, the loan shall be apportioned equally between the weeks in the period beginning with the earlier of;

(i) the first day of the first reduction week in September; or

(ii) the reduction week, the first day of which coincides with, or immediately follows the first day of the autumn term,

and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;

and, in all cases, from the weekly amount so apportioned there shall be disregarded £10.

41.3 A student shall be treated as possessing a student loan in respect of an academic year where;

(a) a student loan has been made to him in respect of that year; or

(b) he could acquire such a loan in respect of that year by taking reasonable steps to do so.

41.4 Where a student is treated as possessing a student loan under paragraph (3), the amount of the student loan to be taken into account as income shall be, subject to paragraph (5).

(a) in the case of a student to whom a student loan is made in respect of an academic year, a sum equal to

(i) the maximum student loan he is able to acquire in respect of that year by taking reasonable steps to do so; and

(ii) any contribution whether or not it has been paid to him;

(b) in the case of a student to whom a student loan is not made in respect of an academic year, the maximum student loan that would be made to the student if;

(i) he took all reasonable steps to obtain the maximum student loan he is able to acquire in respect of that year; and

(ii) no deduction in that loan was made by virtue of the application of a means test.

41.5 There shall be deducted from the amount of income taken into account under paragraph (4)

(a) the sum of £303 per academic year in respect of travel costs; and

(b) the sum of £390 per academic year towards the cost of books and equipment, whether or not any such costs are incurred.

42.0 Students - Treatment of fee loans

42.1 A loan for fees, known as a fee loan or a fee contribution loan, made pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998, section 22 of the Teaching and Higher Education Act 1998 or section 73(f) of the Education (Scotland) Act 1980, shall be disregarded as income.

43.0 Students - Treatment of payments from access funds

43.1 A payment from access funds, other than a payment to which paragraph 43.2 applies, shall be disregarded as income.

43.2 a) any payments from access funds which are intended and used for an item of food, ordinary clothing or footwear, household fuel, or rent of a single applicant or, as the case may be, of the applicant or any other member of his family and
b) any payments from access funds which are used for any council tax or water charges for which that applicant or member is liable, shall be disregarded as income to the extent of £20 per week.

43.3 Where a payment from access funds is made—

- (a) on or after 1st September or the first day of the course, whichever first occurs, but before receipt of any student loan in respect of that year and that payment is intended for the purpose of bridging the period until receipt of the student loan; or
 - (b) before the first day of the course to a person in anticipation of that person becoming a student,
- that payment shall be disregarded as income.

44.0 Students - Disregard of contribution

44.1 Where the applicant or his partner is a student and for the purposes of assessing a contribution to the student's grant or student loan, the other partner's income has been taken into account, an amount equal to that contribution shall be disregarded for the purposes of assessing that other partner's income.

45.0 Further disregard of student's income

45.1 Where any part of a student's income has already been taken into account for the purpose of assessing his entitlement to a grant or student loan, the amount taken into account shall be disregarded in assessing that student's income.

46.0 Students - Income treated as capital

46.1 Any amount by way of a refund of tax deducted from a student's covenant income shall be treated as capital.

46.2 Any amount paid from access funds as a single lump sum shall be treated as capital.

46.3 An amount paid from access fund as a single lump sum which is intended and used for an item other than food, ordinary clothing or footwear, household fuel or rent, or which is used for an item other than any council tax or water charges for which that applicant or member is liable, shall be disregarded as capital but only for a period of 52 weeks from the date of the payment.

47.0 Students - Disregard of changes occurring during summer vacation

47.1 In calculating a student's income the authority shall disregard any change in the standard maintenance grant, occurring in the recognised summer vacation appropriate to the student's

course, if that vacation does not form part of his period of study from the date on which the change occurred to the end of that vacation.

48.0 Maximum Council Tax Reduction

48.1 Subject to paragraphs (2) to (4), the amount of a person's maximum Council Tax Reduction in respect of a day for which he is liable to pay council tax, shall be 100 per cent, of the amount A divided by B where;

- (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
- (b) B is the number of days in that financial year,

In this paragraph "relevant financial year" means, in relation to any particular day, financial year within which the day in question falls.

48.2 In calculating a person's maximum Council Tax Reduction any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.

48.3 Subject to paragraph (4), where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the applicant who is a student who is excluded from entitlement to Council Tax Reduction applies, in determining the maximum Council Tax Reduction in his case in accordance with paragraph (1), the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.

48.4 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph (3) shall not apply in his case

49.0 Date on which entitlement is to begin

49.1 Subject to paragraph (2), any person to whom or in respect of whom a claim for council tax reduction is made and who is otherwise entitled to that reduction shall be so entitled from the date on which that claim is made or is treated as made.

49.2 Where a person is otherwise entitled to council tax reduction and becomes liable for the first time for the authority's council tax in respect of a dwelling of which he is a resident in the reduction week in which his claim is made or is treated as made, he shall be so entitled from the date of claim

50.0 Date on which change of circumstances is to take effect.

50.1 A change of circumstances which affects entitlement to, or the amount of, a reduction under the authority's scheme ("change of circumstances"), takes effect from the date on which the change actually occurs.

50.2 Where the change of circumstances is that income, or an increase in the amount of income, is paid in respect of a past period and there was no entitlement to income of that amount during that period, the change of circumstances shall take effect from the first day on which such income, had it been paid in that period at intervals appropriate to that income, would have fallen to be taken into account for the purposes of this scheme.

51.0 Making an application.

51.1 In the case of a couple or members of a polygamous marriage an application is to be made

by whichever one of them they agree should so apply or, in default of agreement, by such one of them as the authority determines.

- 51.2 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act, and;
- (a) a deputy has been appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
 - (b) in Scotland, his estate is being administered by a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000 who has power to apply or, as the case may be, receive benefit on his behalf; or
 - (c) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,
- that deputy, judicial factor, guardian or attorney, as the case may be, may make an application on behalf of that person.
- 51.3 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act and sub-paragraph (2) does not apply to him, the authority may, upon written application made to them by a person who, if a natural person, is over the age of 18, appoint that person to exercise on behalf of the person who is unable to act, any right to which that person might be entitled under the authority's scheme and to receive and deal on his behalf with any sums payable to him.
- 51.4 Where a person who is liable to pay council tax in respect of a dwelling is for the time being unable to act and the Secretary of State has appointed a person to act on his behalf under regulation 33 of the Social Security (Claims and Payments) Regulations 1987 (persons unable to act), the authority may if that person agrees, treat him as if he had been appointed by them under sub-paragraph (3).
- 51.5 Where the authority has made an appointment under sub-paragraph (3) or treated a person as an appointee under sub-paragraph (4);
- (a) it may at any time revoke the appointment;
 - (b) the person appointed may resign his office after having given 4 weeks' notice in writing to the authority of his intention to do so;
 - (c) any such appointment terminates when the authority is notified of the appointment of a person mentioned in sub-paragraph (2).
- 51.6 Anything required by the authority's scheme to be done by or to any person who is for the time being unable to act may be done by or to the persons mentioned in sub-paragraph (2) above or by or to the person appointed or treated as appointed under this paragraph and the receipt of any such person so appointed shall be a good discharge to the authority for any sum paid.
- 51.7 The authority must;
- (a) inform any person making an application of the duty imposed on them
 - (b) explain the possible consequences (including prosecution) of failing to comply with that duty; and
 - (c) set out the circumstances a change in which might affect entitlement to the reduction or its amount.

52.0 Procedure by which a person may apply for a reduction under the authority's scheme¹

52.1. Paragraphs 2 to 7 apply to an application made under the authority's scheme.

¹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 52.2. An application may be made;
- (a) in writing,
 - (b) by means of an electronic communication in accordance with Part 4 of this Schedule, or
 - (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.
 - (d) a notification of Universal Credit or any legacy benefit from DWP, may be treated by the authority as a claim for reduction.
- 52.3 An application which is made in writing must be made to the designated office on a properly completed form. The form must be provided free of charge by the authority for the purpose.
- 52.4 Where an application made in writing is defective because—
- (a) it was made on the form supplied for the purpose, but that form is not accepted by the authority as being properly completed; or
 - (b) it was made in writing but not on the form approved for the purpose and the authority does not accept the application as being in a written form which is sufficient in the circumstances of the case having regard to the sufficiency of the written information and evidence,
- the authority may, in a case to which sub-paragraph (a) applies, request the applicant to complete the defective application or, in the case to which sub-paragraph (b) applies, supply the applicant with the approved form or request further information and evidence.
- 52.5 An application made on a form provided by the authority is properly completed if it is completed in accordance with the instructions on the form, including any instructions to provide information and evidence in connection with the application.
- 52.6 If an application made by electronic communication is defective the authority must provide the person making the application with an opportunity to correct the defect. An application made by electronic communication is defective if the applicant does not provide all the information the authority requires.
- 52.7 In a particular case the authority may determine that an application made by telephone is only valid if the person making the application approves a written statement of his circumstances provided by the authority.
- 52.8 If an application made by telephone is defective the authority must provide the person making the application with an opportunity to correct the defect. An application made by telephone is defective if the applicant does not provide all the information the authority requests during the telephone call.
- 52.9 Notwithstanding other paragraphs within this section, the authority will determine the method by which claims are to be made as well as where claims should be sent or delivered.
- 52.10 Where an applicant ('C') makes a claim which includes (or which C subsequently requests should include) a period before the claim is made, the authority may, at its discretion, treat the claim as made on an earlier date up to the first date of the financial year in which the request is received by the authority or up to 12 months from the date the claim is received, whichever is the earlier.
- 53.0 Date on which an application is made²**
- 53.1 Subject to sub-paragraph (7), the date on which an application is made is;
- (a) in a case where;
 - (i) an award of state pension credit which comprises a guarantee credit has been

² Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

made to the applicant or his partner, and

(ii) the application for a reduction is made within one month of the date on which the claim for that state pension credit which comprises a guarantee credit was received at the appropriate DWP office,

the first day of entitlement to state pension credit which comprises a guarantee credit arising from that claim;

(b) in a case where

(i) an applicant or his partner is a person in receipt of a guarantee credit,

(ii) the applicant becomes liable for the first time to pay council tax in respect of the dwelling he occupies as his home, and

(iii) the application is received at the designated office within one month of the date of the change,

the date on which the change takes place;

(c) in a case where;

(i) an award of income support, an income-based jobseeker's allowance, or an income-related employment and support allowance or an award of universal credit has been made to the applicant or his partner, and

(ii) the application is made within one month of the date on which the claim for that income support, jobseeker's allowance, employment and support allowance or universal credit was received,

the first day of entitlement to income support, an income-based jobseeker's allowance, an income-related employment and support allowance or universal credit arising from that claim;

(d) in a case where;

(i) an applicant or his partner is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance or has an award of universal credit,

(ii) the applicant becomes liable for the first time to pay council tax in respect of the dwelling which he occupies as his home, and

(iii) the application is received at the designated office within one month of the date of the change,

the date on which the change takes place;

(e) in a case where;

(i) an applicant is the former partner of a person who was, at the date of his death or their separation, entitled to a reduction under the authority's scheme, and

(ii) the applicant makes an application for a reduction under that scheme within one month of the date of the death or the separation,

the date of the death or separation;

(f) except where paragraph (a), (b) or (e) is satisfied, in a case where a properly completed application is received within one month (or such longer period as the authority considers reasonable) of the date on which an application form was issued to an applicant following the applicant first notifying, by whatever means, the authority of an intention to make an application, the date of first notification;

(g) in any other case, the date on which an application is received at the designated office.

53.2 For the purposes only of sub-paragraph (1)(c) a person who has been awarded an income-based jobseeker's allowance or an income-related employment and support allowance is to be treated as entitled to that allowance for any days which immediately precede the first day in that award and on which he would, but for regulations made under;

(a) in the case of income-based jobseeker's allowance, paragraph 4 of Schedule 1 to the Jobseekers Act 1995 (waiting days); or

(b) in the case of income-related employment and support allowance, paragraph 2 of Schedule 2 to the Welfare Reform Act 2007 (waiting days), have been entitled to that allowance.

53.3 Where there is a defect in an application;

- (a) is corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance;
- (b) is not corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance where it considers it has sufficient information to decide the application.

53.4 The authority is to treat a defective application as if it had been validly made in the first instance if, in any particular case, the conditions specified in sub-paragraph (5)(a), (b) or (c) are satisfied.

53.5 The conditions are that—

- (a) where the authority receives the properly completed application or the information requested to complete it or the evidence within one month of the request, or such longer period as the authority may consider reasonable; or
- (b) where an application is not on approved form or further information requested by authority applies;
 - (i) the approved form sent to the applicant is received at the offices of the authority properly completed within one month of it having been sent to him; or, as the case may be;
 - (ii) the applicant supplies whatever information or evidence was requested within one month of the request; or,
 in either case, within such longer period as the authority may consider reasonable; or
- (c) where the authority has requested further information, the authority receives at its offices the properly completed application or the information requested to complete it within one month of the request or within such longer period as the authority considers reasonable.

53.6 Except in the case of an application made by a person treated as not being in Great Britain, where a person has not become liable for council tax to the authority but it is anticipated that he will become so liable within the period of 8 weeks (the relevant period), he may apply for a reduction under that authority’s scheme at any time in that period in respect of that tax and, provided that liability arises within the relevant period, the authority must treat the application as having been made on the day on which the liability for the tax arises.

53.7 Except in the case of an application made by a person treated as not being in Great Britain, where the applicant is not entitled to a reduction under the authority’s scheme in the reduction week immediately following the date of his application, but the authority is of the opinion that unless there is a change of circumstances, he will be entitled to a reduction under its scheme for a period beginning not later than;

- (a) in the case of an application made by;
 - (i) a pensioner, or
 - (ii) a person who has attained, or whose partner has attained, the age which is 17 weeks younger than the qualifying age for state pension credit, the seventeenth reduction week following the date on which the application is made, or
- (b) in the case of an application made by a person who is not a pensioner, the thirteenth reduction week following the date on which the application is made, the authority may treat the application as made on a date in the reduction week immediately preceding the first reduction week of that period of entitlement and award a reduction accordingly.

53.8 In this paragraph “appropriate DWP office” means an office of the Department for Work and Pensions.

54.0 Submission of evidence electronically

- 54.1 The authority may accept such evidence, documents and certificates to support the claim electronically where it feels that this would be acceptable given the nature of the claim
- 55.0 Use of telephone provided evidence**
- 55.1 The authority may accept such evidence to support the claim by telephone where it feels that this would be acceptable given the nature of the claim
- 56.0 Information and evidence³**
- 56.1 Subject to sub-paragraph (3), a person who makes an application for a reduction under an authority's scheme must satisfy sub-paragraph (2) in relation both to himself and to any other person in respect of whom he is making the application.
- 56.2 This sub-paragraph is satisfied in relation to a person if—
- (a) the application is accompanied by;
 - (i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or
 - (ii) information or evidence enabling the authority to ascertain the national insurance number that has been allocated to the person; or
 - (b) the person has made an application for a national insurance number to be allocated to him and the application for the reduction is accompanied by;
 - (i) evidence of the application for a national insurance number to be so allocated; and
 - (ii) the information or evidence enabling it to be so allocated.
- 56.3 Sub-paragraph (2) does not apply;
- (a) in the case of a child or young person in respect of whom an application for a reduction is made;
 - (b) to a person who;
 - (i) is a person treated as not being in Great Britain for the purposes of this scheme;
 - (ii) is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act 1999; and
 - (iii) has not previously been allocated a national insurance number.
- 56.4 Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under the authority's scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by that authority in order to determine that person's entitlement to, or continuing entitlement to a reduction under its scheme and must do so within one month of the authority requiring him to do so or such longer period as the authority may consider reasonable.
- 56.5 Nothing in this paragraph requires a person who is a pensioner to furnish any certificates, documents, information or evidence relating to a payment to which sub-paragraph (7) applies.
- 56.6 Where the authority makes a request under sub-paragraph (4), it must;
- (a) inform the applicant or the person to whom a reduction under its scheme has been awarded of his duty under paragraph 9 (duty to notify change of circumstances) to notify the authority of any change of circumstances; and
 - (b) without prejudice to the extent of the duty owed under paragraph 9, indicate to him either orally or by notice or by reference to some other document available to him on application and without charge, the kind of change of circumstances which must be notified.

³ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 56.7 This sub-paragraph applies to any of the following payments;
 (a) a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund; and
 (b) a payment which is disregarded under paragraph 24 of Schedule 5, other than a payment under the Independent Living Fund (2006);
- 56.8 Where an applicant or a person to whom a reduction under the authority's scheme has been awarded or any partner has attained the qualifying age for state pension credit and is a member of, or a person deriving entitlement to a pension under, a personal pension scheme, he must where the authority so requires furnish the following information;
 (a) the name and address of the pension fund holder;
 (b) such other information including any reference or policy number as is needed to enable the personal pension scheme to be identified.
- 57.0 Amendment and withdrawal of application⁴**
- 57.1 A person who has made an application may amend it at any time before a decision has been made on it by a notice in writing delivered or sent to the designated office.
- 57.2 Where the application was made by telephone the amendment may also be made by telephone.
- 57.3 Any application amended is to be treated as if it had been amended in the first instance.
- 57.4 A person who has made an application may withdraw it by notice to the designated office at any time before a decision has been made on it.
- 57.5 Where the application was made by telephone, the withdrawal may also be made by telephone.
- 57.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.
- 57.7 Where a person, by telephone, amends or withdraws an application the person must (if required to do so by the authority) confirm the amendment or withdrawal by a notice in writing delivered or sent to the designated office.
- 58.0 Duty to notify changes of circumstances⁵**
- 58.1 Subject to sub-paragraphs (3), (6) and (7), an applicant (or any person acting on his behalf) must comply with sub-paragraph (2) if there is a relevant change of circumstances at any time;
 (a) between the making of an application and a decision being made on it, or
 (b) after the decision is made (where the decision is that the applicant is entitled to a reduction under the authority's scheme) including at any time while the applicant is in receipt of such a reduction.
- 58.2 The applicant (or any person acting on his behalf) must notify any change of circumstances which the applicant (or that person) might reasonably be expected to know might affect his entitlement to, or the amount of, a reduction under the authority's scheme (a "relevant change of circumstances") by giving notice to the authority;
 (a) in writing; or
 (b) by telephone—

⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

(i) where the authority has published a telephone number for that purpose unless the authority determines that in any particular case or class of case notification may not be given by telephone; or

(ii) in any case or class of case where the authority determines that notice may be given by telephone; or

(c) by any other means which the authority agrees to accept in any particular case, within a period of one month beginning with the day on which the change occurs, or as soon reasonably practicable after the change occurs, whichever is later.

58.3 The duty imposed on a person by sub-paragraph (1) does not extend to notifying

- (a) changes in the amount of council tax payable to the authority;
- (b) changes in the age of the applicant or that of any member of his family;
- (c) in the case of an applicant in receipt of a relevant benefit, changes in circumstances which affect the amount of the benefit but not the amount of the reduction under the authority's scheme to which he is entitled, other than the cessation of that entitlement to the benefit.

58.4 For the purposes of sub-paragraph (3)(c) "relevant benefit" means income support, an income-based jobseeker's allowance or an income-related employment and support allowance or universal credit.

58.5 Notwithstanding sub-paragraph (3)(b) or (c) an applicant is required by sub-paragraph (1) to notify the authority of any change in the composition of his family arising from the fact that a person who was a member of his family is now no longer such a person because he has ceased to be a child or young person.

58.6 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within one calendar month of the happening of the event or change in circumstance. This timescale may be extended at the discretion of the authority. Where such a change is not received within that timescale and where the change would increase the level of reduction payable, the authority may use a date later than the actual change of circumstances

59.0 Decisions by the authority⁶

59.1 The authority must make a decision on an application under its scheme within 14 days or as soon as reasonably practicable thereafter.

60.0 Notification of decision⁷

60.1 The authority must notify in writing any person affected by a decision made by it under its scheme;

- (a) in the case of a decision on an application, forthwith or as soon as reasonably practicable thereafter;
- (b) in any other case, within 14 days of that decision or as soon as reasonably practicable thereafter.

60.2 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;

- (a) informing the person affected of the duty imposed by paragraph 9(1);
- (b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and
- (c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.

⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

⁷ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 60.3 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement as to how that entitlement is to be discharged.
- 60.4 In any case, the notification under sub-paragraph (1) must inform the person affected of the procedure by which an appeal may be made and must refer the person to the provisions in the authority's scheme relating to the procedure for making an appeal.
- 60.5 A person affected to whom the authority sends or delivers a notification of decision may, within one month of the date of the notification of that decision request in writing the authority to provide a written statement setting out the reasons for its decision on any matter set out in the notice.
- 60.6 The written statement referred to in sub-paragraph (5) must be sent to the person requesting it within 14 days or as soon as reasonably practicable thereafter.
- 60.7 For the purposes of this paragraph a person is to be treated as a person affected by a decision of the authority under its scheme where the rights, duties or obligations of that person are affected by that decision and the person falls within sub-paragraph (8).
- 60.8 This sub-paragraph applies to—
- (a) the applicant;
 - (b) in the case of a person who is liable to pay council tax in respect of a dwelling and is unable for the time being to act;
 - (i) a deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
 - (ii) in Scotland, a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000(3) who has power to apply or, as the case may be, receive benefit on the person's behalf; or
 - (iii) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,
 - (c) a person appointed by the authority to act for a person unable to act.

61.0 Time and manner of granting council tax reduction⁸

61.1 Where a person is entitled to a reduction under this authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year ("the chargeable year"), the authority must discharge his entitlement;

- (a) by reducing, so far as possible, the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 refers; or
- (b) where;
 - (i) such a reduction is not possible; or
 - (ii) such a reduction would be insufficient to discharge the entitlement to a reduction under the authority's scheme; or
 - (iii) the person entitled to the reduction is jointly and severally liable for the council tax and the authority determines that such a reduction would be inappropriate, by making payment to him of the amount of reduction to which he is entitled, rounded where necessary to the nearest penny.

61.2 The authority must notify the person entitled to a reduction under this scheme of the amount of that reduction and how his entitlement is to be discharged in pursuance of paragraph (1).

61.3 In a case to which paragraph (1)(b) refers;

- (a) if the amount of the council tax for which he remains liable in respect of the chargeable year, after any reduction to which sub-paragraph (1)(a) refers has been made, is insufficient to enable his entitlement to a reduction under the authority's scheme in respect thereof to be discharged, upon the final instalment of that tax becoming due any outstanding reduction;
 - (i) must be paid to that person if he so requires; or
 - (ii) in any other case must (as the authority determines) either be repaid or credited against any subsequent liability of the person to make a payment in respect of the authority's council tax as it has effect for any subsequent year;
- (b) if that person has ceased to be liable for the authority's council tax and has discharged the liability for that tax, the outstanding balance (if any) of the reduction under the authority's scheme in respect thereof must be paid within 14 days or, if that is not reasonably practicable, as soon as practicable thereafter
- (c) in any other case, the reduction under the authority's scheme must be paid within 14 days of the receipt of the application at the offices of the authority or, if that is not reasonably practicable, as soon as practicable thereafter.

61.4 For the purposes of this paragraph "instalment" means any instalment of the authority's council tax to which regulation 19 of the Council Tax (Administration and Enforcement) Regulations 1992 refers (council tax payments).

62.0 Persons to whom reduction is to be paid⁹

62.1 Subject to paragraph (2), any payment of the amount of a reduction must be made to that person.

62.2 Where a person other than a person who is entitled to a reduction under this authority's scheme made the application for the reduction and that first person is a person acting pursuant to an appointment or is treated as having been so appointed, the amount of the reduction may be paid to that person.

⁸ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

⁹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

63.0 Shortfall in reduction¹⁰

63.1 Where, on the revision of a decision allowing a reduction under the authority's scheme to a person, it is determined that the amount allowed was less than the amount to which that person was entitled, the authority must either;

- (a) make good any shortfall in reduction which is due to that person, by reducing so far as possible the next and any subsequent payments he is liable to make in respect of the council tax of the authority as it has effect for the chargeable financial year until that shortfall is made good; or
- (b) where this is not possible or the person concerned so requests, pay the amount of any shortfall in reduction due to that person within 14 days of the revision of the decision being made or if that is not reasonably practicable, as soon as possible afterwards.

64.0 Payment on the death of the person entitled¹¹

64.1 Where the person entitled to any reduction under this scheme has died and it is not possible to award the reduction which is due in the form of a reduction of the council tax for which he was liable, the authority must make payment of the amount of the reduction to his executor or administrator in accordance with regulation 58(4) of the Council Tax (Administration and Enforcement) Regulations 1992.

65.0 Offsetting

65.1 Where a person has been allowed or paid a sum of council tax reduction under a decision which is subsequently revised or further revised, any sum allowed or paid in respect of a period covered by the subsequent decision shall be offset against arrears of entitlement under the subsequent decision except to the extent that the sum exceeds the arrears and shall be treated as properly awarded or paid on account of them.

66.0 Payment where there is joint and several liability¹²

66.1 Where;

- (a) a person is entitled to a reduction under the authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year;
 - (b) the person entitled to the reduction is jointly and severally liable for the council tax; and
 - (c) the authority determines that discharging his entitlement by reducing the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992(7) refers would be inappropriate,
- it may make a payment to him of the amount of the reduction to which he is entitled, rounded where necessary to the nearest penny.

66.2 Subject to sub-paragraph (3) any payment made under sub-paragraph (1) must be made to the person who is entitled to the reduction.

66.3 Where a person other than a person who is entitled to a reduction under the authority's scheme made the application and that first person is a person acting pursuant to an appointment this scheme or is treated as having been so appointed, the amount of the reduction may be paid to that person.

67.0 Use of information from and to the Department of Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC)

67.1 The authority will use information provided by the DWP and HMRC for the purposes of Council

¹⁰ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹¹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹² Inserted by Schedule 8 of the Council Tax Reductions Scheme (Prescribed Requirements) (England) Regulations 2012

Tax Reduction, council tax liability, billing, administration and enforcement as outlined within Schedule 2 of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 and the Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2013

67.2 Where required by the relevant department and where required by law, the authority will share information obtained for Council Tax Reduction with the DWP or HMRC as appropriate and in accordance with Data Protections requirements¹³..

68.0 Collection of information

68.1 The authority may receive and obtain information and evidence relating to claims for council tax reduction, the council may receive or obtain the information or evidence from–

- (a) persons making claims for council tax reduction;
- (b) other persons in connection with such claims;
- (c) other local authorities; or
- (d) central government departments including the DWP and HMRC

68.2 The authority may verify relevant information supplied to or obtained.

69.0 Recording and holding information

69.1 The authority may

- (a) may make a record of such information; and
- (b) may hold that information, whether as supplied or obtained or recorded, for the purpose of forwarding it to the person or authority for the time being administering council tax reduction.

70.0 Forwarding of information

70.1 The authority may forward it to the person or authority for the time being administering claims to or awards of council tax reduction to which the relevant information relates, being

- (i) a local authority;
- (ii) a person providing services to a local authority; or
- (iii) a person authorised to exercise any function of a local authority relating to council tax reduction.

71.0 Persons affected by Decisions

71.1 A person is to be treated as a person affected by a relevant decision of the authority where that person is;

- (a) an applicant;
- (b) in the case of a person who is liable to make payments in respect of a dwelling and is unable for the time being to act
 - (i) a Deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit or reduction on his behalf,
 - (ii) in Scotland, a tutor, curator, judicial factor or other guardian acting or appointed in terms of law administering that person's estate, or
 - (iii) an attorney with a general power or a power to receive benefit or reduction appointed by the person liable to make those payments under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise;
- (c) a person appointed by the authority under this scheme;

¹³ Data Retention and Investigatory Powers Act 2014 and Data Retention Regulations 2014

72.0 Terminations

- 72.1 The authority may terminate reduction in whole or in part the Council tax reduction where it appears to the authority that an issue arises whether;
- (a) the conditions for entitlement to Council tax reduction are or were fulfilled; or
 - (b) a decision as to an award of such a reduction should be revised or superseded.
- 72.2 The authority may terminate, in whole or in part the Council tax reduction where it appears to the authority that an issue arises whether;
- (a) the conditions for entitlement to Council tax reduction are or were fulfilled; or
 - (b) a decision as to an award of such a reduction should be revised or superseded.
- Where the person fails to provide information to the authority as requested in relation to any matter relating to their liability for Council Tax

73.0 Procedure by which a person may make an appeal against certain decisions of the authority¹⁴

- 73.1 A person who is aggrieved by a decision of the authority, which affects;
- (a) the person's entitlement to a reduction under its scheme, or
 - (b) the amount of any reduction to which that person is entitled,
- may serve a written notice on the authority stating the matter by which, and the grounds on which, he is aggrieved.
- 73.2 The authority must
- (a) consider the matter to which the notice relates;
 - (b) notify the aggrieved person in writing;
 - (i) that the ground is not well founded, giving reasons for that belief; or
 - (ii) that steps have been taken to deal with the grievance, stating the steps taken.
- 73.3 Where, following notification under sub-paragraph (2)(b)(i) or (ii), the person is still aggrieved, or if the authority fails to notify the person aggrieved in accordance with sub-paragraph (2)(b) within two months of the service of his notice, he may appeal to the valuation tribunal under section 16 of the 1992 Act¹⁵. Where, following notification under paragraph 2(b)(i) or (ii), the person is still aggrieved, or if the authority fails to notify the person aggrieved in accordance with paragraph 2(b) within two months of the service of his notice, he may appeal to a valuation tribunal under section 16 of the 1992 Act within four months of the service of his notice.

74.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act¹⁶

- 74.1 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;
- (a) in writing,
 - (b) by means of an electronic communication in accordance this scheme or
 - (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.
- 74.2 Where;
- (a) the authority has made a determination under section 13A(1)(c) in relation to a class of case in which liability is to be reduced; and
 - (b) a person in that class would otherwise be entitled to a reduction under its scheme, that person's application for a reduction under the authority's scheme may also be treated as an application for a reduction under section 13A(1)(c).

¹⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹⁵ As amended by the Tribunal Procedure (Amendment No 3) Rules 2014

¹⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

75.0 Exceptional Hardship Scheme

75.1 The authority may provide additional help to an applicant who is entitled to reduction under its Exceptional Hardship Scheme.

75.2 Such payments shall be deemed to be made under S13A (1)(a) of the 1992 Act.

76.0 Interpretation for the use of electronic communication

76.1 In this Part;
“information” includes an application, a certificate, notice or other evidence; and
“official computer system” means a computer system maintained by or on behalf of an authority for sending, receiving, processing or storing of any information.

77.0 Conditions for the use of electronic communication

77.1 The authority may use an electronic communication in connection with applications for, and awards of, reductions under its scheme.

77.2 A person other than the authority may use an electronic communication in connection with the matters referred to in sub-paragraph (1) if the conditions specified in sub-paragraphs (3) to (6) are satisfied.

77.3 The first condition is that the person is for the time being permitted to use an electronic communication by an authorisation given by means of a direction of the Chief Executive of the authority.

77.4 The second condition is that the person uses an approved method of;
(a) authenticating the identity of the sender of the communication;
(b) electronic communication;
(c) authenticating any application or notice delivered by means of an electronic communication; and
(d) subject to sub-paragraph (7), submitting to the authority any information.

77.5 The third condition is that any information sent by means of an electronic communication is in a form approved for the purposes.

77.6 The fourth condition is that the person maintains such records in written or electronic form as may be specified in a direction given by the Chief Executive of the authority.

77.7 Where the person uses any method other than the method approved of submitting any information, that information is to be treated as not having been submitted.

77.8 In this paragraph “approved” means approved by means of a direction given by the Chief Executive of the authority for the purposes of this section.

78.0 Use of intermediaries

78.1 The authority may use intermediaries in connection with;
(a) the delivery of any information by means of an electronic communication; and
(b) the authentication or security of anything transmitted by such means,
and may require other persons to use intermediaries in connection with those matters.

79.0 Effect of delivering information by means of electronic communication

- 79.1 Any information which is delivered by means of an electronic communication is to be treated as having been delivered in the manner or form required by any provision of an authority's scheme on the day the conditions imposed;
- (a) by this section; and
 - (b) by or under an enactment,
- are satisfied.
- 79.2 The authority may determine that any information is to be treated as delivered on a different day (whether earlier or later) from the day provided for in sub-paragraph (1).
- 79.3 Information may not be taken to have been delivered to an official computer system by means of an electronic communication unless it is accepted by the system to which it is delivered.

80.0 Proof of identity of sender or recipient of information

- 80.1 If it is necessary to prove, for the purpose of any legal proceedings, the identity of—
- (a) the sender of any information delivered by means of an electronic communication to an official computer system; or
 - (b) the recipient of any such information delivered by means of an electronic communication from an official computer system,
- the sender or recipient, as the case may be, is to be presumed to be the person whose name is recorded as such on that official computer system.

81.0 Proof of delivery of information

- 81.1 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any information this is presumed to have been the case where;
- (a) any such information has been delivered to the relevant authority, if the delivery of that information has been recorded on an official computer system; or
 - (b) any such information has been delivered by the relevant authority, if the delivery of that information has been recorded on an official computer system.
- 81.2 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any such information, this is presumed not to be the case, if that information delivered to the relevant authority has not been recorded on an official computer system.
- 81.3 If it is necessary to prove, for the purpose of any legal proceedings, when any such information sent by means of an electronic communication has been received, the time and date of receipt is presumed to be that recorded on an official computer system.

82.0 Proof of content of information

- 82.1 If it is necessary to prove, for the purpose of any legal proceedings, the content of any information sent by means of an electronic communication, the content is presumed to be that recorded on an official computer system.

83.0 Counter Fraud and compliance

- 83.1 In order to protect the finances of the authority and also in the interests of all council taxpayers, the authority will undertake such actions as allowed by law to;
- (a) Prevent and detect fraudulent claims and actions in respect of Council tax reduction;
 - (b) Carry out investigations fairly, professionally and in accordance with the law; and

(c) Ensure that sanctions are applied in appropriate cases

- 83.2 The authority believes that it is important to minimise the opportunity for fraud and;
- (a) will implement rigorous procedures for the verification of claims for council tax reduction;
 - (b) will employ sufficient Officers to fulfil the authority's commitment to combat fraud;
 - (c) will actively tackle fraud where it occurs in accordance with this scheme;
 - (d) will co-operate with the Department for Work and Pensions (DWP), Her Majesty's Revenues and Customs and take part in joint working including prosecutions; and
 - (e) will in all cases seek to recover all outstanding council tax.

83.3 The authority shall put into place such administrative policies, procedures and processes as are necessary to ensure that the actions outlined within paragraph (1) and (2) can be carried out successfully. In particular the authority shall undertake actions provided by the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

Schedule 1

Calculation of the amount of Council Tax Reduction in accordance with the Discount Scheme.

1 The authority's Council Tax Reduction scheme from 2024/25 shall be calculated on the basis of the following Banded Discount Scheme:

Band	Discount	Single person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
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Weekly Income Level

1 100%

2 75%

3 40%

4 25%

2 The amount of discount to be granted is to be based on the following factors:

- a. The maximum Council Tax Reduction as defined within this scheme;
- b. The Council Tax family as defined within this scheme.
- c. The income of the applicant and partner as defined within this scheme;
- d. The capital of the applicant and partner as defined within this scheme.

3. For the sake of clarity all incomes shown within the table above are weekly in accordance with the scheme requirements and definitions.

4. Discount bands vary depending on both weekly income and the household (family as defined within this scheme). For the sake of clarity, it should be noted that in any application for reduction is limited to a maximum of two dependant children or young persons.

5. Any applicant whose capital is greater than £6,000 shall not be entitled to any Council Tax Reduction whatsoever (subject to Schedule 3 Capital Disregards).

6. The authority **may** increase the level of incomes within the grid specified in paragraph 1 on an annual basis by the appropriate level of inflation decided by the Council.

7. *Where an applicant or partner is in receipt of Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance, discount will be awarded at Band 1 level.

Schedule 2

Sums to be disregarded in the calculation of income other than earnings

1. Any amount paid by way of tax on income.
2. Any payment made to the claim and in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme.
3. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme, but only for 52 weeks beginning with the date of receipt of the payment.
3. Any payment in respect of any expenses incurred or to be incurred by an applicant who is–
 - (a) engaged by a charitable or voluntary organisation, or
 - (b) volunteer,
 if he otherwise derives no remuneration or profit from the employment and is not to be treated as possessing any earnings under section 32.0 (notional income).
4. Any payment in respect of expenses arising out of the applicant's participation in a service user group.
5. In the case of employment as an employed earner, any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of the employment.
6. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance the whole of his income.
7. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act and his partner is on an income-based jobseeker's allowance, the whole of the applicant's income.
8. Where the applicant, or the person who was the partner of the applicant on 31st March 2003, was entitled on that date to income support or an income-based jobseeker's allowance but ceased to be so entitled on or before 5th April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.
9. Any disability living allowance or personal independence payment or AFIP
10. Any concessionary payment made to compensate for the non-payment of;
 - (a) income support;
 - (b) an income-based jobseeker's allowance.
 - (c) an income-related employment and support allowance.
11. Any mobility supplement under article 20 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (including such a supplement by virtue of any other scheme or order) or under article 25A of the Personal Injuries (Civilians) Scheme 1983 or any payment intended to compensate for the non-payment of such a supplement.
12. Any attendance allowance.
13. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.
14. (1) Any payment–
 - (a) by way of an education maintenance allowance made pursuant to;
 - (i) regulations made under section 518 of the Education Act 1996 (payment of school expenses; grant of scholarships etc.);
 - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act

- 1980 (power to assist persons to take advantage of educational facilities);
- (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)I of the Further and Higher Education (Scotland) Act 1992
- (b) corresponding to such an education maintenance allowance, made pursuant to;
 - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
 - (ii) regulations made under section 181 of that Act; or

(69) in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
 - (a) regulations made under section 518 of the Education Act 1996;
 - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
 - I directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)I of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
- 15. Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.
- 16 (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;
 - (a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;
 - (b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or
 - (c) intended to meet the cost-of-living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.
- (2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- 17 (1) Subject to sub-paragraph (2), any of the following payments;
 - (a) a charitable payment;
 - (b) a voluntary payment;
 - I a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;
 - (d) a payment under an annuity purchased;
 - (i) pursuant to any agreement or court order to make payments to the applicant; or
 - (ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or
 - (70) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any agreement or court order to make payments to the applicant in consequence of any personal injury to the applicant.

- (2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by–
 - (a) a former partner of the applicant, or a former partner of any member of the applicant’s family; or
 - (b) the parent of a child or young person where that child or young person is a member of the applicant’s family.

- 18. 100% of any of the following, namely
 - (a) a war disablement pension (except insofar as such a pension falls to be disregarded under paragraph 9 or 10);
 - (b) a war widow’s pension or war widower’s pension;
 - l a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
 - (d) a guaranteed income payment;
 - l a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
 - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
 - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

- 19. £15 of any;
 - (a) widowed mother’s allowance paid pursuant to section 37 of the Act;
 - (b) widowed parent’s allowance paid pursuant to section 39A of the Act.

- 20. (1) Any income derived from capital to which the applicant is or is treated as beneficially entitled.

- 21. Where the applicant makes a parental contribution in respect of a student attending a course at an establishment in the United Kingdom or undergoing education in the United Kingdom, which contribution has been assessed for the purposes of calculating–
 - (a) under, or pursuant to regulations made under powers conferred by, sections 1 or 2 of the Education Act 1962 or section 22 of the Teaching and Higher Education Act 1998, that student’s award;
 - (b) under regulations made in exercise of the powers conferred by section 49 of the Education (Scotland) Act 1980, that student’s bursary, scholarship, or other allowance under that section or under regulations made in exercise of the powers conferred by section 73 of that Act of 1980, any payment to that student under that section; or
 - (c) the student’s student loan,
 an amount equal to the weekly amount of that parental contribution, but only in respect of the period for which that contribution is assessed as being payable.

- 22. (1) Where the applicant is the parent of a student aged under 25 in advanced education who either;
 - (a) is not in receipt of any award, grant or student loan in respect of that education; or
 - (b) is in receipt of an award under section 2 of the Education Act 1962 (discretionary awards) or an award bestowed by virtue of the Teaching and Higher Education Act 1998, or regulations made thereunder, or a bursary, scholarship or other allowance under section 49(1) of the Education (Scotland) Act 1980, or a payment under section 73 of that Act of 1980,
 and the applicant makes payments by way of a contribution towards the student’s maintenance, other than a parental contribution defined within this scheme.
 - (2) For the purposes of sub-paragraph (1), the amount shall be equal to–
 - (a) the weekly amount of the payments; or

- (b) the amount by way of a personal allowance for a single applicant under 25 less the weekly amount of any award, bursary, scholarship, allowance or payment referred to in sub-paragraph (1)(b), whichever is less.
23. Any payment made to the applicant by a child or young person or a non- dependant.
24. Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person and there is a contractual liability to make payments to the applicant in respect of the occupation of the dwelling by that person or a member of his family–
- (a) where the aggregate of any payments made in respect of any one week in respect of the occupation of the dwelling by that person or a member of his family, or by that person and a member of his family, is less than £20, the whole of that amount; or
- (b) where the aggregate of any such payments is £20 or more per week, £20.
25. (1) Where the applicant occupies a dwelling as his home and he provides in that dwelling board and lodging accommodation, an amount, in respect of each person for which such accommodation is provided for the whole or any part of a week, equal to–
- (a) where the aggregate of any payments made in respect of any one week in respect of such accommodation provided to such person does not exceed £20.00, 100 per cent. Of such payments;
- (b) where the aggregate of any such payments exceeds £20.00, £20.00 and 50 per cent. Of the excess over £20.00.
- (2) In this paragraph, ‘board and lodging accommodation’ means accommodation provided to a person or, if he is a member of a family, to him or any other member of his family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises.
26. (1) Any income in kind, except where regulation 30(11)(b) (provision of support under section 95 or 98 of the Immigration and Asylum Act in the calculation of income other than earnings) applies.
- (2) The reference in sub-paragraph (1) to ‘income in kind’ does not include a payment to a third party made in respect of the applicant which is used by the third party to provide benefits in kind to the applicant.
27. Any income which is payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of that income.
28. (1) Any payment made to the applicant in respect of a person who is a member of his family–
- (a) pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002 or in accordance or with a scheme approved by the Scottish Ministers under section 51A of the Adoption (Scotland) Act 1978(b) (schemes for payments of allowances to adopters); or in accordance with an Adoption Allowance Scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (Adoption Allowances Schemes)
- (b) which is a payment made by a local authority in pursuance of section 15(1) of, and paragraph 15 of Schedule 1 to, the Children Act 1989 (local authority contribution to a child’s maintenance where the child is living with a person as a result of a residence order) or in Scotland section 50 of the Children Act 1975 (payments towards maintenance of children);
- (c) which is a payment made by an authority, as defined in Article 2 of the Children Order, in pursuance of Article 15 of, and paragraph 17 of Schedule 1 to, that Order (contribution by an authority to child’s maintenance);

- (a) in accordance with regulations made pursuant to section 14F of the Children Act 1989(c) (special guardianship support services);
- (2) Any payment, other than a payment to which sub-paragraph (1)(a) applies, made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
29. Any payment made to the applicant with whom a person is accommodated by virtue of arrangements made
- (a) by a local authority under–
- (i) section 23(2)(a) of the Children Act 1989 (provision of accommodation and maintenance for a child whom they are looking after),
- (ii) section 26 of the Children (Scotland) Act 1995 (manner of provision of accommodation to child looked after by local authority), or
- (iii) regulations 33 or 51 of the Looked After Children (Scotland) Regulations 2009 (fostering and kinship care allowances and fostering allowances); or
- (71) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).
30. Any payment made to the applicant or his partner for a person ('the person concerned'), who is not normally a member of the applicant's household but is temporarily in his care, by–
- (a) a health authority;
- (b) a local authority but excluding payments of housing benefit made in respect of the person concerned;
- (c) a voluntary organisation;
- (d) the person concerned pursuant to section 26(3A) of the National Assistance Act 1948;
- (e) a primary care trust established under section 16A of the National Health Service Act 1977 or established by an order made under section 18(2) of the National Health Service Act 2006; or
- (f) a Local Health Board established under section 16BA of the National Health Service Act 1977 or established by an order made under section 11 of the National Health Service (Wales) Act 2006
31. Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or section 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
32. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.
- (2) Sub-paragraph (1) applies only where A;
- (a) was formerly in the applicant's care, and
- (b) is aged 18 or over, and continues to live with the applicant.
33. (1) Subject to sub-paragraph (2), any payment received under an insurance policy taken out to insure against the risk of being unable to maintain repayments;
- (a) on a loan which is secured on the dwelling which the applicant occupies as his home; or
- (b) under a regulated agreement as defined for the purposes of the Consumer Credit Act 1974 or under a hire-purchase agreement or a conditional sale agreement as defined for the purposes of Part 3 of the Hire-Purchase Act 1964.
- (2) A payment referred to in sub-paragraph (1) shall only be disregarded to the extent that the payment received under that policy does not exceed the amounts, calculated on a weekly basis,

which are used to–

- (a) maintain the repayments referred to in sub-paragraph (1)(a) or, as the case may be, (b); and
- (b) meet any amount due by way of premiums on–
 - (i) that policy; or
 - (ii) in a case to which sub-paragraph(1)(a) applies, an insurance policy taken out to insure against loss or damage to any building or part of a building which is occupied by the applicant as his home, and which is required as a condition of the loan referred to in sub-paragraph (1)(a).

- 34. Any payment of income which is to be treated as capital.
- 35. Any social fund payment made pursuant to Part 8 of the Act (the Social Fund), or any local welfare provision as defined by the Social Security (Miscellaneous Amendments) Regulations 2013
- 36. Any payment under Part 10 of the Act (Christmas bonus for pensioners).
- 37. Where a payment of income is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
- 38. (1) Any payment made under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
(2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of–
 - (a) that person’s partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person’s death;
 - (b) any child who is a member of that person’s family or who was such a member and who is a member of the applicant’s family; or
 - (c) any young person who is a member of that person’s family or who was such a member and who is a member of the applicant’s family.
(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of;
 - (a) the person who is suffering from haemophilia or who is a qualifying person;
 - (b) any child who is a member of that person’s family or who was such a member and who is a member of the applicant’s family; or
 - (c) any young person who is a member of that person’s family or who was such a member and who is a member of the applicant’s family.
(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;
 - (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person’s family; and
 - (b) the payment is made either;
 - (i) to that person’s parent or step-parent, or

(ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian,

but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who was or had been a member of his family; and

(b) the payment is made either

(i) to that person's parent or step-parent, or

(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any income which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation and the London Bombings Relief Charitable Fund.

39. An amount of Universal Credit determined by the authority as the housing element.
40. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
41. Any payment to a juror or witness in respect of attendance at a court other than compensation for loss of earnings or for the loss of a benefit payable under the benefit Acts.
42. Any payment in consequence of a reduction of council tax under section 13 or section 80 of the 1992 Act (reduction of liability for council tax).
43. (1) Any payment or repayment made—
 - (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
 - (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);I as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies).

(2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment or repayment, mentioned in sub-paragraph (1).
44. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins).
45. Any payment made by either the Secretary of State for Justice or by the Scottish Ministers under

a scheme established to assist relatives and other persons to visit persons in custody.

46. (1) Where an applicant's family includes at least one child or young person, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.
- (2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments such be aggregated and treated as if they were a single payment.
- (3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1).
47. (1) Any payment of child maintenance made or derived from a liable relative where the child or young person in respect of whom the payment is made is a member of the applicant's family, except where the person making the payment is the applicant or the applicant's partner.
- (2) In paragraph (1)
- 'child maintenance' means any payment towards the maintenance of a child or young person, including any payment made voluntarily and payments made under;
- (a) the Child Support Act 1991;
- (b) the Child Support (Northern Ireland) Order 1991;
- I a court order;
- (d) a consent order;
- I a maintenance agreement registered for execution in the Books of Council and Session, or the sheriff court books;
- 'liable relative' means a person listed in regulation 54 (interpretation) of the Income Support (General) Regulations 1987, other than a person falling within sub-paragraph (d) of that definition.
48. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
49. Any guardian's allowance.
50. (1) If the applicant is in receipt of any benefit under Parts 2, 3 or 5 of the Act, any increase in the rate of that benefit arising under Part 4 (increases for dependants) or section 106(a) (unemployability supplement) of the Act, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
- (2) If the applicant is in receipt of any pension or allowance under Part 2 or 3 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006, any increase in the rate of that pension or allowance under that Order, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
51. Any supplementary pension under article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (pensions to surviving spouses and surviving civil partners) and any analogous payment made by the Secretary of State for Defence to any person who is not a person entitled under that Order.
52. In the case of a pension awarded at the supplementary rate under article 27(3) of the Personal Injuries (Civilians) Scheme 1983(a) (pensions to widows, widowers or surviving civil partners), the sum specified in paragraph 1(c) of Schedule 4 to that Scheme.
- 53 (1) Any payment which is
- (a) made under any of the Dispensing Instruments to a widow, widower or
- (b) surviving civil partner of a person;

- (i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and
- (ii) whose service in such capacity terminated before 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.

(2) In this paragraph ‘the Dispensing Instruments’ means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).

54. Provision for all applicants: Homes for Ukraine scheme

(1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—

- (a) an applicant’s entitlement to a reduction under the scheme; or
- (b) the amount of any reduction to which the applicant is entitled.

(2) In this regulation—

“the Homes for Ukraine scheme” means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022

55. Any payment made under section 12B of the Social Work (Scotland) Act 1968, or under sections 12A to 12D of the National Health Service Act 2006 (direct payments for health care) or under regulations made under section 57 of the Health and Social Care Act 2001 (direct payments).

56. (1) Subject to sub-paragraph (2), in respect of a person who is receiving, or who has received, assistance under the self-employment route, any payment to that person—

- (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;
- (b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity, in respect of which such assistance is or was received.

(2) Sub-paragraph (1) shall apply only in respect of payments, which are paid to that person from the special account

57. (1) Any payment of a sports award except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).

(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

(3) For the purposes of sub-paragraph (2) ‘food’ does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.

58. Where the amount of subsistence allowance paid to a person in a reduction week exceeds the amount of income-based jobseeker’s allowance that person would have received in that reduction week had it been payable to him, less 50p, that excess amount.

59. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise.

60. Any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001 as amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.

61. (1) Any payment made by a local authority or by the Welsh Ministers to or on behalf of the applicant or his partner relating to a service which is provided to develop or sustain the capacity

of the applicant or his partner to live independently in his accommodation.
(2) For the purposes of sub-paragraph (1) 'local authority' includes, in England, a county council.

62. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
63. Any payment of child benefit.
64. Any Windrush compensation payment.
65. Any payment made under the We Love Manchester Emergency Fund.
66. Any payment made under the London Emergency Trust.
67. Carers Allowance.
68. The support component of Employment and Support Allowance.
69. Any amount of Housing Benefit..
70. Any payment deemed to be made by the authority under a local welfare provision.
71. Any increase in national welfare benefits made in relation to a crisis by Government which would result in a reduction in support.
72. Where, **but for this scheme**, the applicant would be entitled to either a Disability Premium, Enhanced Disability Premium, Severe Disability Premium or a Disabled Child Premium, a further disregard of £30 shall be made from their income.
73. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
 - (a) an applicant's entitlement to a reduction under the scheme; or
 - (b) the amount of any reduction to which the applicant is entitled."The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022.
74. Any payment made under by Government to compensate or redress for the victims of infected Blood.

Schedule 3
Capital to be disregarded.

1. The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular 5, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.
2. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme but only for 52 weeks beginning with the date of receipt of the payment.
3. Any payment made to the applicant in respect of any travel or other expenses incurred or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme but only for 52 weeks beginning with the date of receipt of the payment but only for 52 weeks beginning with the date of receipt of payment.
4. Any premises acquired for occupation by the applicant, which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the applicant to obtain possession and commence occupation of the premises.
5. Any sum directly attributable to the proceeds of sale of any premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises intended for such occupation within 26 weeks of the date of sale or such longer period as is reasonable in the circumstances to enable the applicant to complete the purchase.
6. Any premises occupied in whole or in part–
 - (a) by a partner or relative of a single applicant or any member of the family as his home where that person has attained the qualifying age for state pension credit or is incapacitated;
 - (b) by the former partner of the applicant as his home; but this provision shall not apply where the former partner is a person from whom the applicant is estranged or divorced or with whom he had formed a civil partnership that has been dissolved.
7. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, the whole of his capital provided that it is no more than £16,000.
8. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.
9. Any future interest in property of any kind, other than land or premises in respect of which the applicant has granted a subsisting lease or tenancy, including sub- leases or sub-tenancies.
10. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.
 (2) The assets of any business owned in whole or in part by the applicant where–
 - (a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but
 - (b) he intends to become engaged or, as the case may be, re-engaged as a self-employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for council tax reduction is

made, or is treated as made, or, if it is unreasonable to expect him to become engaged or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.

(3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(3) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

11. (1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;
- (a) an income-related benefit;
 - (b) an income-based jobseeker's allowance;
 - (c) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;
 - (d) working tax credit and child tax credit
 - (e) an income-related employment and reduction allowance

but only for a period of 52 weeks from the date of the receipt of arrears or of the concessionary payment.

12. Any sum
- (a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or
 - (b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired, or such longer period as is reasonable in the circumstances to effect the repairs, replacement or improvement.

12. Any sum—
- (a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;
 - (b) which was so deposited, and which is to be used for the purchase of another home,
- for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.

13. Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to council tax reduction or to increase the amount of that reduction.

14. The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.

15. Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.

16. (1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.

(2) But sub-paragraph (1)

- (a) applies only for the period of 52 weeks beginning with the day on which the applicant first receives any payment in consequence of that personal injury;
- (b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);
- (c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;
- (d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.

(3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.

(4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).

17. The value of the right to receive any income under a life interest or from a life rent.
18. The surrender value of any policy of life insurance.
19. Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
20. Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
21. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.

(2) Sub-paragraph (1) applies only where A;
 - (a) was formerly in the applicant's care, and
 - (b) is aged 18 or over, and
 - (c) continues to live with the applicant.
22. Any social fund payment.
23. Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.
24. Any capital which, by virtue of sections 31 or 51 (capital treated as income, treatment of student loans) is to be treated as income.
25. Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
27. Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the Charitable Fund.
28. Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or

who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of–

- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts and which is made to or for the benefit of–

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts where–

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either;
 - (i) to that person's parent or step-parent; or
 - (ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian, but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts where

- (a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was or had been a member of his family; and
- (b) the payment is made either;
 - (i) to that person's parent or step-parent; or
 - (ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian, but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) Any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund, the Caxton Foundation, and the London Bombings

Relief Charitable Fund.

28. (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.
- (2) In this paragraph 'dwelling' includes any garage, garden and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.
29. Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.
30. Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.
31. Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.
32. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
33. The value of the right to receive an occupational or personal pension.
34. The value of any funds held under a personal pension scheme
35. The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.
36. Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
37. Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.
38. Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.
39. Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used—
(a) to purchase premises intended for occupation as his home; or
(b) to carry out repairs or alterations which are required to render premises fit for occupation as his home,
for a period of 26 weeks from the date on which he received such a grant, or such longer period

- as is reasonable in the circumstances to enable the purchase, repairs or alterations to be completed and the applicant to commence occupation of those premises as his home.
40. Any arrears of supplementary pension which is disregarded under this scheme but only for a period of 52 weeks from the date of receipt of the arrears.
41. (1) Any payment or repayment made—
 (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
 (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
 (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies),
 but only for a period of 52 weeks from the date of receipt of the payment or repayment.
 (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment, or repayment mentioned in sub-paragraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.
42. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.
43. Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
44. Any payment made either by the Secretary of State for Justice or by Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody, but only for a period of 52 weeks from the date of the receipt of the payment.
45. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
46. Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.
47. (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum council tax reduction), the whole of his capital.
 (2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum council tax reduction), sub-paragraph (1) shall not have effect.
48. (1) Any sum of capital to which sub-paragraph (2) applies and
 (a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 or by the Court of Protection;
 (b) which can only be disposed of by order or direction of any such court; or
 (c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.
 (2) This sub-paragraph applies to a sum of capital which is derived from;
 (a) an award of damages for a personal injury to that person; or
 (b) compensation for the death of one or both parents where the person concerned is under the age of 18.

49. Any sum of capital administered on behalf of a person in accordance with an order made under section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from
- (a) award of damages for a personal injury to that person; or
 - (b) compensation for the death of one or both parents where the person concerned is under the age of 18.
50. Any payment to the applicant as holder of the Victoria Cross or George Cross.
51. In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.
52. (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
- (2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- (3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
53. (1) Any payment;
- (a) by way of an education maintenance allowance made pursuant to—
 - (i) regulations made under section 518 of the Education Act 1996;
 - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;
 - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
 - (b) corresponding to such an education maintenance allowance, made pursuant to;
 - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
 - (ii) regulations made under section 181 of that Act ;

or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.
- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
- (a) regulations made under section 518 of the Education Act 1996;
 - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
 - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
54. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.
55. Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.

56. Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st February 2001 in consequence of the imprisonment or interment of–
- (a) the applicant;
 - (b) the applicant’s partner;
 - (c) the applicant’s deceased spouse or deceased civil partner; or
 - (d) the applicant’s partner’s deceased spouse or deceased civil partner,
- by the Japanese during the Second World War, £10,000.
57. (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or a member of an applicant’s family who is
- (a) a diagnosed person;
 - (b) the diagnosed person’s partner or the person who was the diagnosed person’s partner at the date of the diagnosed person’s death;
 - (c) a parent of a diagnosed person, a person acting in place of the diagnosed person’s parents or a person who was so acting at the date of the diagnosed person’s death; or
 - (d) a member of the diagnosed person’s family (other than his partner) or a person who was a member of the diagnosed person’s family (other than his partner) at the date of the diagnosed person’s death.
- (2) Where a trust payment is made to;
- (a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
 - (b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
 - (c) a person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending–
 - (i) two years after that date; or
 - (ii) on the day before the day on which that person–
 - (aa) ceases receiving full-time education; or
 - (bb) attains the age of 20,
 whichever is the latest.
- (3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant’s family who is–
- (a) the diagnosed person’s partner or the person who was the diagnosed person’s partner at the date of the diagnosed person’s death;
 - (b) a parent of a diagnosed person, a person acting in place of the diagnosed person’s parents or a person who was so acting at the date of the diagnosed person’s death; or
 - (c) a member of the diagnosed person’s family (other than his partner) or a person who was a member of the diagnosed person’s family (other than his partner) at the date of the diagnosed person’s death, but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.
- (4) Where a payment as referred to in sub-paragraph (3) is made to–
- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
 - (b) a person referred to in sub-paragraph (3)(b), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or

- (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending–
- (i) two years after that date; or
 - (ii) on the day before the day on which that person
 - (aa) ceases receiving full-time education; or
 - (bb) attains the age of 20,
 whichever is the latest.
- (5) In this paragraph, a reference to a person–
- (a) being the diagnosed person’s partner;
 - (b) being a member of a diagnosed person’s family;
 - (c) acting in place of the diagnosed person’s parents,
- at the date of the diagnosed person’s death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home or an independent hospital on that date.
- (6) In this paragraph– ‘diagnosed person’ means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld- Jakob disease;
 ‘relevant trust’ means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;
 ‘trust payment’ means a payment under a relevant trust.
58. The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant’s partner, the applicant’s deceased spouse or deceased civil partner or the applicant’s partner’s deceased spouse or deceased civil partner
- (a) was a slave labourer or a forced labourer;
 - (b) had suffered property loss or had suffered personal injury; or
 - (c) was a parent of a child who had died,
- during the Second World War.
59. (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
- (2) For the purposes of sub-paragraph (1) ‘local authority’ includes in England a county council.
60. Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).
61. Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
62. Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
63. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments),
64. Any Windrush compensation payment.
65. Any payment made under the We Love Manchester Emergency Fund.
66. Any payment made under the London Emergency Trust.

67. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
- (a) an applicant's entitlement to a reduction under the scheme; or
 - (b) the amount of any reduction to which the applicant is entitled.
- "The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022
68. Any payment made under by Government to compensate or redress for the victims of infected Blood.
- 69. Provision for all applicants: Homes for Ukraine scheme**
- (1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—
- (c) an applicant's entitlement to a reduction under the scheme; or
 - (d) the amount of any reduction to which the applicant is entitled.
- (2) In this regulation—
- "the Homes for Ukraine scheme" means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022

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Decision Report - Executive Decision

Forward Plan Reference: FP/23/10/11

Decision Date – 06 December 2023

Key Decision – Yes



Award of contract for highway lighting, illuminated and electrical assets

Executive Member(s): Cllr Mike Rigby. Executive Lead Member for Transport and Digital
Local Member(s) and Division: All

Lead Officer: David Carter. Service Director for Infrastructure and Transport

Author: Sarah Stanistreet, Principal Highways Transformation Officer.

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Summary/Background

1. This is to request a decision to award a contract for Highway Lighting, Illuminated & Electrical Assets. The contract is for a period of 8 years with the option to extend for a fixed 4 year period.
2. The anticipated contract spend for the full duration is £15m to £30m for highway lighting and may be up to £75m including the electrical assets previously owned by the four District Councils (which includes routine services, electrical & structural testing, emergency attendance, non-routine replacements major asset replacement, LED conversions).

Recommendations

3. The Executive
 - a. Delegates approval of the award of an 8 year contract with the option of a four year extension for the provision of Highway Lighting, Illuminated & Electrical Assets to the Leader in consultation with the Executive Director for Climate and Place. The award to be made in accordance with the outcome of the published tender evaluation process and contract to commence from 1st April 2024.
 - b. Delegates the future decision regarding the extension of the contract beyond the initial term to the Executive Lead Member or equivalent responsible for Highways Services having due regard to the contract terms.

Reasons for recommendations

4. The proposed supplier offers best value to the Council, in terms of quality and price in accordance with the published evaluation models.

5. A requirement for submission of additional information to enable completion of the tender process has resulted in a short delay to the process, such that a delegated decision is necessary to award the contract with sufficient time for mobilisation before the start date.
6. The contract will deliver Statutory Highway requirements including maintenance and improvement of highway lighting & other electrical assets.

Other options considered

7. Alternative delivery options were thoroughly considered in the earlier commissioning stages of the process, as set out in the 'Highway Service Delivery Options Review (Sept 2020)' which utilised a standardised Future Highways Research Group options toolkit to consider a range of in-house, outsourced and arms-length delivery models. The review concluded that we should continue to utilise highways contracts for elements of service delivery beyond March 2024 whilst strengthening our in-house asset management team.

Links to Council Plan and Medium-Term Financial Plan

8. The contracts will help achieve the Council Plan 2023-27 vision and priorities, in particular the priority for a greener, more sustainable Somerset which notes the importance of reducing carbon emissions from transport; a fairer Somerset which requires a well-maintained highway network to enable access to basic services such as employment, education and healthcare; and a flourishing & resilient Somerset which requires a well-maintained highway network to enable economic activity such as movement of goods.
9. The Medium-Term Financial Planning (MTFP) process is currently considering the cost pressure of maintaining current levels of services under the new suite of highways contracts taking into account the newly tendered rates. The new contracts do not have any minimum spend thresholds, so the amount of activity delivered through the contracts can be tailored to available budgets at any point in time and can reflect the outcome of the MTFP process each year via the agreement of an annual plan with the contractors.

Financial and Risk Implications

10. The financial pressure associated with the Highway Lighting, Illuminated & Electrical Assets contract scope and terms are being considered within the MTFP process: The emerging rates are likely to lead to the following annual cost increases with assumed 5% contract inflation on revenue works £62,800 (additional cost in the rates between tender submission and start of contract) ; 12% contract Price List fluctuation (rebasing

the costs based on the newly tendered rates to reflect current market conditions) £150,700.

11. In the event that service levels and intervention criteria need to change to work within available budgets, then the risk of increased cost claims can be mitigated by updating the intervention criteria set out in the highway safety inspection manual. It is considered that the risk of not awarding the contract at this stage is greater given that the Council would then have no service delivery arrangements in place to continue to deliver statutory maintenance services beyond March 2024.

Likelihood	3	Impact	3	Risk Score	9 (Med)
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Legal Implications

12. This decision will enable the Council to continue to deliver its statutory highway services. Consultation with Legal Services and Commercial & Procurement Services started in 2021. Specialist external Legal Services were engaged when deemed necessary by the Council's Legal Team. A compliant procurement process has been undertaken to enable a contract award to be made to the successful tenderer.
13. The situation regarding Somerset Council property for this contract is that there is no Somerset Council property involved.

HR Implications

14. Any change in contractor will involve consideration of Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. Advice has been sought and provided from the HR Team with ongoing engagement. The highways service organisational structure and business processes will also need to adapt to reflect the changes in the model of service delivery.

Other Implications:

Equalities Implications

15. The Somerset Equality Impact Assessment is appended to this report. Highway contracts can have various equality implications, and it is essential for Somerset Council and its contractors to consider and address these implications to ensure fairness, non-discrimination, and inclusivity. These have been considered and addressed through the commissioning and procurement phase, the demobilisation of the current contracts, and mobilisation of the new contracts. Some of the key equality implications considered include:

- **Equal opportunity in contracting:** When awarding highway contracts, Somerset Council has ensured fair and equal opportunities for all potential contractors, regardless of their size, ownership, or previous contracting experience. This has

served to avoid discriminatory practices that favour certain groups or companies which can lead to inequalities in the distribution of public contracts.

- **Supplier diversity:** Encouraging supplier diversity in highway contracts can have positive equality implications. Somerset Council has provided no barriers for main contractors or suppliers owned by minorities, women, veterans, or other underrepresented groups as contractors or subcontractors. Whilst further work will be necessary after contract award, the Council is committed to promote economic inclusion and help reduce disparities in contracting opportunities.
- **Fair employment practices:** Contractors are required to follow fair employment practices, including non-discrimination policies, equal pay for equal work, social inclusion, and reasonable accommodation for individuals with disabilities. These policies, sponsored through social value initiatives, will promote equality among workers and ensure a diverse and inclusive workforce.
- **Accessibility and inclusivity:** Highway contracts should include provisions for accessibility and inclusivity, such as designing and maintaining roads and infrastructure to accommodate individuals with disabilities. The Council will be assuming the design function as part of the procurement process so a more integrated, and community-driven approach through Local Community Networks, will be advocated.
- **Environmental justice:** The Council will ensure that highway projects do not disproportionately impact communities as reasonably practicable. Scheme development will assess the potential environmental and health impacts of maintenance activities and mitigate any adverse effects on vulnerable communities.
- **Community engagement:** Somerset Council will involve the local community, especially underrepresented groups, in the decision-making process for highway projects. The Local Community Networks together with highway and traffic representatives will ensure that their concerns and needs are considered during planning and implementation.
- **Monitoring and reporting:** Through highway contract mobilisation, Somerset Council and its contractors will agree and establish mechanisms for monitoring and reporting on equality-related metrics throughout the duration of the contracts. This may include tracking the diversity of the workforce, adherence to fair employment practices, social value, and any environmental justice concerns.
- **Training and awareness:** The Council requires its contractors and subcontractors to provide training on diversity, equity, and inclusion to their employees working on the project. This helps foster a more inclusive work environment and reduces the potential for discrimination. This has been evaluated as part of the procurement process.
- **Dispute resolution mechanisms:** The Council, working in collaboration with its contractors, will establish clear dispute resolution mechanisms in case issues related to equality and discrimination arise during the contract's execution. This will allow for a fair and timely resolution of conflicts.

Community Safety Implications

16. The implications for community safety have been considered and as the decision is to award replacement contracts this represents no change. The responsibility for policy and direction of services remains with the Council. This contract is necessary to ensure that we can continue to discharge our duty of care to our communities through ensuring that agreed lighting is well maintained and that electrical assets do not present a safety hazard.
17. The implications for the public's perception of crime and disorder and anti-social behaviour rates in their neighbourhood in Somerset. The implications have been considered and as the decision is to award replacement contracts this represents no change. The responsibility for policy and direction of services remains with the Council.
18. The implications have been considered and as the decision is to award replacement contracts this represents no change. The responsibility for policy and direction of services remains with the Council.

Climate Change and Sustainability Implications

19. It is hard-wired into the contract that the contractor will seek to achieve a 50% reduction in carbon emissions over the initial contract term. The contractor will collaborate with other Highway contracts via the Highways Contracts Collaborative Board. The carbon emissions in this contract will be baselined in year 1 and monitored using the Future Highways Research Group (FHRG) Carbon Calculation & Accounting Standard & Carbon Analyser (CCAS).
20. Key areas where decarbonisation will be achieved are as follows:
 - All vehicles up to and including 3.5 tonnes GVW must be EV within 18 months of the start of the contracts for the surfacing and surface treatments contracts. By moving to electric vehicles for 3.5 tonnes and under (and indeed much of the larger vehicle stock), and possibly moving to other alternative fuels for larger vehicles, there will be a significant reduction in vehicle emission pollution.
 - The contract will focus on reducing climate change factors by considering commuting to work, travel at work, processes and materials as these all form part of the Scope 3 Emissions that are actively monitored.
 - The contract will deliver services which maintain our lighting, illuminated and other electrical assets according to the policies set by the Council. We are currently exploring a range of policies to reduce energy from lighting. In addition to our ongoing programme of replacing sodium lamps with LED, we are considering part-night lighting options and options to reduce the amount of lighting that we utilise to illuminate the highway in line with Dark Skies initiatives. This work is ongoing, and the contractor will fulfill the policy that the council determines in due course with a key focus on ensuring the lighting and other assets that we choose to retain are maintained in a safe and servicable state.

21. Continuing to maintain the highway will have no effect on the Council's ability to meet the Local Development Framework.

Health and Safety Implications

22. Health and safety implications have been considered. The new contracts include specific health and safety requirements for the contractors.
23. The highways construction and maintenance sector places considerable importance on the health and safety of the workforce and communities and customers.
24. The contractors' approach to health and safety was scored as part of the tender evaluation process and the successful tenderers met the requirements set out.

Health and Wellbeing Implications

25. Health and wellbeing implications have been considered and the contracts present no adverse impacts on health and wellbeing. The Highway services provided through the contracts include maintaining routes used for active travel.

Social Value

26. The tender process required contractors to propose Social Value commitments in line with the Themes Outcomes Measures approach and the social value benefits associated with the proposed contractors are discussed in the confidential Appendix.

Scrutiny comments / recommendations:

27. Scrutiny considered the procurement strategy and are content that the award of the suite of highway contracts proceeds.

Background

28. A great deal of preparatory work has been undertaken in commissioning a new suite of highways contracts including:
 - Value for money review to establish a benchmarked value for money position compared to other authorities for current highway service/ contract delivery and improvement priorities. (issued June 2021)
 - Lessons-learned review in respect of procurement and delivery of the current highways contract. This covered overall approach and outcomes, commercial and contract, service delivery, fleet maintenance and new asset delivery (April 2021).
 - Highway service delivery options review utilising a standardised Future Highways Research Group options toolkit. (issued Sept 2020).
 - Highway services market analysis undertaken by DMSqd independent highways services consultancy. (issued August 2021).

29. In October 2021 the Project Board approved a new procurement strategy to replace the current arrangements with five separate contracts including a replacement contract for maintenance of highway lighting, which will also encompass other illuminated and electrical assets to reflect the integration of related services within the new Unitary Authority.
30. A Non-Key Decision was taken in November 2021 authorising commencement of a procurement process and market engagement activity, and to appoint Mills & Reeve as legal advisors to support the creation of contract Terms and Conditions under the Framework 'Wider Public Sector Legal Services RM3788'.
31. In January 2022 a Prior Information Notice (PIN) Market Engagement – Highways Maintenance Future Requirements was published. In February 2022 a virtual Market Engagement event was held. During March and April 2022, a total of 21 one-to-one sessions were held with the industry to test and refine the procurement strategy prior to preparing detailed contract documents.
32. In June 2022 Hampshire County Council (HCC) undertook a peer review of the draft contract documentation which informed the programming, production and content of the contract documents from then on.
33. No public consultation has taken place since the contracts are simply a replacement mechanism to deliver existing highway activities which are set out in published service policy and standards.
34. The agreed procurement approach aims to:
 - Take more control over the design and delivery of the highways programmes, taking a stronger client asset management approach and determining the most appropriate standards and locations for treatment.
 - Develop a more direct relationship with the supply chain, reducing outsourced management of sub-contractors and enabling direct discussion about potential innovation.
 - Provide a more bespoke arrangement for delivery of new asset schemes (such as small and medium sized improvement schemes) to give greater cost predictability.
 - Where possible incorporate specification of a wider range of Unitary Council public realm maintenance services rather than solely highway related services (e.g., by widening the highway lighting contract to incorporate all illuminated and electrical assets) and allow flexibility for a wider range of relevant Unitary Council public realm maintenance services to be delivered through these contracts over time.
 - Include explicit requirements for up to 50% reduction in carbon emissions over the lifetime of the contracts through an agreed climate change plan.
35. Following the preparation and review of contract documents including the scope of works, contract terms and evaluation process; an Invitation to Tender (ITT) for a new Highway Lighting, Illuminated & Electrical Assets contract was issued on 23rd June 2023, with final tenders received 15th September 2023.

Background Papers

Non-Key Decision to commence procurement of highways lighting contracts Nov 2021

Appendices




- Appendix A – Confidential Tender Evaluation Report

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	24/11/23
Communications	Peter Elliot	17/11/23
Finance & Procurement	Jason Vaughan/ Nicola Hix	28/11/23
Workforce	Alyn Jones	27/11/23
Asset Management	Oliver Woodhams	28/11/23
Executive Director / Senior Manager	Mickey Green	15/11/23
Strategy & Performance	Alyn Jones	27/22/23
Executive Lead Member	Cllr Mike Rigby, Executive Lead Member for Transport and Digital	27/11/23
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Diogo Rodrigues, opposition Spokesperson for Transport.	15/11/23
Scrutiny Chair	Cllr Martin Dimery, Chair of Scrutiny for Climate and Place	15/11/23

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

Organisation prepared for (mark as appropriate)	 Somerset Council	<p style="text-align: center;">x</p>	 NHS Somerset		 NHS Somerset <small>NHS Foundation Trust</small>	
Version	1		Date Completed	31/10/2023		
Description of what is being impact assessed						
<p>Decision to award a contract for the provision of Highway Lighting, Illuminated & Electrical Assets services, the provision of which includes but is not limited to the following: Routine services, electrical & structural testing, emergency attendance, non-routine replacements, major asset replacement, LED conversions.</p>						
Evidence						
<p>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</p>						
<p>There is not intended to be a change in policy or public facing services, and the specification of the contract is very similar to the existing contract. The responsibility for policy and direction of services remains with the Council. The contractor will deliver works in accordance with the Dignity at Work Code of Practice.</p>						
<p>Who have you consulted with to assess possible impact on protected groups and what have they told you? If you have not consulted other people, please explain why?</p>						

The Council's Public Health Promotions Manager – Equalities has been consulted.

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"> Having considered this characteristic, there are no disproportionate impacts either positive or negative. 	□	☒	□
Disability	<ul style="list-style-type: none"> Having considered this characteristic, these contracts will allow the Council to deliver its aspirations to improve access for those people with mobility issues (such as wheelchairs, walking frames etc), and those with visual impairments. This will apply to schemes for both the improvement and maintenance of the highway asset. 	□	□	☒
Disability	<ul style="list-style-type: none"> During the construction phase of highway works, it is potentially possible that there may be temporary situations when it is not possible to provide access for those people with mobility issues (such as wheelchairs, walking frames etc) and those with visual impairments. This will apply to schemes for both the improvement and maintenance of the highway asset. 	☒	□	□

Disability	<ul style="list-style-type: none"> Where work takes place disabled people who rely on level and clear access such as wheelchair users or those that work with aids may be disadvantaged if access is not maintained. 	☒	☐	☐
Gender reassignment	<ul style="list-style-type: none"> During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are undergoing or have undergone gender reassignment. 	☒	☐	☐
Marriage and civil partnership	<ul style="list-style-type: none"> Having considered this characteristic, there are no disproportionate impacts either positive or negative. 	☐	☒	☐
Pregnancy and maternity	<ul style="list-style-type: none"> Having considered this characteristic, these contracts will allow the Council to deliver its aspirations to improve access for people using pushchairs and holding children by hand. This will apply to schemes for both the improvement and maintenance of the highway asset. 	☐	☐	☒
Pregnancy and maternity	<ul style="list-style-type: none"> During the construction phase of highway works, it is potentially possible that there may be temporary situations when it is not possible to provide access for people using pushchairs and holding children by hand. This will apply to schemes for both the improvement and maintenance of the highway asset. 	☒	☐	☐
Race and ethnicity	<ul style="list-style-type: none"> During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are of different races or ethnicities. 	☒	☐	☐

Religion or belief	<ul style="list-style-type: none"> During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are of different religions or hold different beliefs. 	☒	☐	☐
Sex	<ul style="list-style-type: none"> During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are of different sexes. 	☒	☐	☐
Sexual orientation	<ul style="list-style-type: none"> During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are of different sexual orientation. 	☒	☐	☐
Armed Forces (including serving personnel, families and veterans)	<ul style="list-style-type: none"> Having considered this characteristic, these contracts incorporate the Somerset Armed Forces Covenant in the Social Value Calculator. 	☐	☐	☒
Other, e.g. carers, low income, rurality/isolation, etc.	<ul style="list-style-type: none"> Having considered this characteristic, these contracts will allow the Council to deliver its aspirations for accessibility for rural and isolated communities. 	☐	☐	☒

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
<p>Disability:</p> <p>During the construction phase of highway works, it is potentially possible that there may be temporary situations when it is not possible to provide access for those people with mobility issues (such as wheelchairs, walking frames etc) and those with visual impairments. This will apply to schemes for both the improvement and maintenance of the highway asset.</p> <p>Where work takes place disabled people who rely on level and clear access such as wheelchair users or those that work with aids may be disadvantaged if access is not maintained.</p> <p>These potentially negative outcomes are mitigated by the requirement in the contracts that temporary measures must be implemented by the contractor in line with "Safey at Street Works and Road Works: a Code of Practice".</p>	01/04/2024	Head of Operations	Regular contract checks and monitoring ensuring compliance throughout the length of the contract.	<input type="checkbox"/>
<p>Gender reassignment</p> <p>During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language</p>	01/04/2024	Head of Operations	Regular contract checks and monitoring ensuring compliance throughout the	<input type="checkbox"/>

<p>directed at people passing by the site who are undergoing or have undergone gender reassignment.</p> <p>These potentially negative outcomes are mitigated by the inclusion in the contracts of the Somerset Council "Dignity at Work Code of Practice" so that the contractors and their operatives are bound by the same requirements as Somerset Council and its employees.</p>			length of the contract.	
<p>Pregnancy and maternity:</p> <p>During the construction phase of highway works, it is potentially possible that there may be temporary situations when it is not possible to provide access for people using pushchairs and holding children by hand. This will apply to schemes for both the improvement and maintenance of the highway asset.</p> <p>These potentially negative outcomes are mitigated by the requirement in the contracts that temporary measures must be implemented by the contractor in line with "Safety at Street Works and Road Works: a Code of Practice".</p>	01/04/2024	Head of Operations	Regular contract checks and monitoring ensuring compliance throughout the length of the contract.	<input type="checkbox"/>
<p>Race and ethnicity:</p> <p>During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are undergoing or have undergone gender reassignment.</p>	01/04/2024	Head of Operations	Regular contract checks and monitoring ensuring compliance throughout the length of the contract.	<input type="checkbox"/>

<p>These potentially negative outcomes are mitigated by the inclusion in the contracts of the Somerset Council "Dignity at Work Code of Practice" so that the contractors and their operatives are bound by the same requirements as Somerset Council and its employees.</p>				
<p>Religion and belief:</p> <p>During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are of different religions or hold different beliefs.</p> <p>These potentially negative outcomes are mitigated by the inclusion in the contracts of the Somerset Council "Dignity at Work Code of Practice" so that the contractors and their operatives are bound by the same requirements as Somerset Council and its employees.</p>	01/04/2024	Head of Operations	Regular contract checks and monitoring ensuring compliance throughout the length of the contract.	□
<p>Sex:</p> <p>During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are of different sexes.</p> <p>These potentially negative outcomes are mitigated by the inclusion in the contracts of the Somerset Council "Dignity at Work Code of Practice" so that the contractors and their</p>	01/04/2024	Head of Operations	Regular contract checks and monitoring ensuring compliance throughout the length of the contract.	□

operatives are bound by the same requirements as Somerset Council and its employees.					
<p>Sexual Orientation:</p> <p>During the construction phase of highway works, it is potentially possible that there may be situations when operatives of the contractors may use derogatory language directed at people passing by the site who are of different sexual orientation.</p> <p>These potentially negative outcomes are mitigated by the inclusion in the contracts of the Somerset Council "Dignity at Work Code of Practice" so that the contractors and their operatives are bound by the same requirements as Somerset Council and its employees.</p>		01/04/2024	Head of Operations	Regular contract checks and monitoring ensuring compliance throughout the length of the contract.	<input type="checkbox"/>
If negative impacts remain, please provide an explanation below.					
None remaining.					
Completed by:		David Peake, Service Manager - Highways			
Date		31/10/2023			
Signed off by:		Mike O'Dowd-Jones, Strategic Manager - Highways and Transport			
Date		31/10/2023			
Equality Lead sign off name:		Tom Rutland			

Equality Lead sign off date:	16/11/23
To be reviewed by: (officer name)	David Peake
Review date:	November 2024

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Decision Report - Executive Decision

Forward Plan Reference: FP/23/07/14

Decision Date – 6 December 2023

Key Decision – Yes



Award of a contract for the provision of the Park and Ride Service in Taunton and adoption of a Taunton Integrated Parking Strategy

Executive Member(s): Cllr Mike Rigby – Lead Member for Transport and Digital
Local Member(s) and Division: Cllr John Hunt and Cllr Caroline Ellis – Bishops Hull & Taunton West

Cllr Ross Henley and Cllr Sarah Wakefield – Blackdown & Neroche

Lead Officer: David Carter, Service Director – Infrastructure and Transport

Author: Mike O'Dowd-Jones, Strategic Manager – Highways and Transport

Commissioning / Natasha Bates, Service Manager – Transport Commissioning

Contact Details: mike.odowdjones@somerset.gov.uk 01823 356238

natasha.bates@somerset.gov.uk or 01823 357199

Summary / Background

1. The Unitary Authority provides an opportunity to introduce more integrated parking strategies, and the current operator of the Taunton Park and Ride service has given notice on the current contract. A new contract is required from 12th February 2024 to ensure we can continue to deliver a Park and Ride service within the town.
2. An open tender was advertised through the Southwest Supplier Portal, with support from the Commercial and Procurement Team, as detailed in Appendix A.
3. The contract has been tendered to operate from both the Silks Mills and Gateway sites, serving the town centre and Musgrove Park Hospital, as well as a number of other designated stops along the route. The £1 single fare currently funded through the Bus Service Improvement Plan (BSIP) will continue to apply on the service until the end of the BSIP funding period of March 2025.
4. Following evaluation of the bid submissions, the Most Economically Advantageous Tender (MEAT) has been identified.

Recommendations

5. That Executive:
 - **Adopts and implements the Taunton Integrated Parking Strategy set out in Appendix G, aimed at improving the town centre environment and economy, reducing demand for town centre**

parking and encouraging greater use of the Park and Ride and local bus services.

- **Approves the award of a 3+2+2 year contract for park and ride services commencing on 12th February 2024, based on the Most Economically Advantageous Tender (MEAT), as set out in confidential Appendix B.**
- **Delegates the decision to exercise the contract extension options in accordance with the terms of the contract, to the Executive Director – Climate and Place.**
- **Approves the use of surplus income from the rental of car-parking spaces to EDF energy at the Gateway Park and Ride site to assist in balancing the Council's budget and the on-going budget challenges that the Council faces.**
- **Agrees the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached confidential Appendix B and Appendix F in confidence, as it contains commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.**
- **To exclude the press and public from the meeting where there is any discussion regarding confidential Appendix B and confidential Appendix F (to be treated as exempt information).**

Reasons for recommendations

6. Any additional surplus from the EDF rental income can be used to support the wider delivery of services, which helps balance the Council's budget.
7. An integrated parking strategy would provide the mechanism to achieve the environmental and economic objectives set out in Appendix G including encouraging greater use of the Park and Ride service and other local bus services in the town. The overall strategy could take approximately 1 year to fully implement allowing time for the appropriate consultation, communication and implementation processes, however changes to parking charges can be introduced at an early stage.
8. A compliant tender exercise has been conducted, as detailed in Appendix A, and following evaluation of the bid submissions the winning supplier has been identified based on the Most Economically Advantageous Tender (MEAT).
9. The Park and Ride service forms part of the wider public transport strategy for Taunton and also fits within the broader activities associated with the BSIP and

the Somerset Climate Emergency Strategy which aims to encourage and facilitate behavioural change by reducing single occupancy car journeys, increasing public transport usage and reducing the need to travel by car. The Park and Ride is the only regular bus service in the town serving the Musgrove Park Hospital site. The service also provides an affordable all-day parking option for many people working within the town centre.

10. The reason for the frequency option being recommended is detailed in confidential Appendix F.
11. The accompanying confidential Appendix B and Appendix F contains commercially sensitive information relating to the contract and the Council's financial and business affairs. Officers recommend that this is treated as exempt information. "Exempt Information" is defined by Section 100 of the Local Government Act 1972, by Schedule 12A to that Act.

Other options considered

12. The tender specification included two different Lots, Lot 1 for the provision of a 15-minute service Monday to Friday and 20 minutes on Saturday using single deck vehicles, and Lot 2 to deliver the service on a 20 minute frequency Monday to Saturday using double deck vehicles.
13. The option to deliver the contract in-house has been explored and discounted on the basis that it does not offer any financial benefit compared to the contract and would expose the Council to additional risk.
14. The council has an option not to award this contract and discontinue the service in order to achieve financial savings in light of the financial emergency. Whilst the Park and Ride Service is non-statutory, there are equalities implications associated with ceasing the service completely as set out in the EIA attached at Appendix E. In addition, the £1 fare scheme on the Park and Ride is currently funded through the government's Bus Service Improvement Plan (BSIP) Scheme. If the Park and Ride were to cease operation, then permission would need to be sought from the Department for Transport (DfT) to re-direct the money to an alternative scheme or we may be required to return the remaining funding. This could impact on our reputation to deliver government funded schemes and may impact on our ability to secure further funding in future rounds of BSIP.

Links to Council Plan and Medium-Term Financial Plan

15. This decision links to the following priorities within the Somerset Council Plan:
 - **Greener, more sustainable Somerset** – the provision of the Park & Ride service, encourages people to use the Park & Ride sites on the outskirts of the town, which reduces the number of cars travelling into the town centre, which in turn reduces congestion and carbon emissions.

- **Healthy and caring Somerset** – the Park & Ride service facilitates access to essential retail, leisure, social or health services which helps people remain independent, healthy and active.

Financial and Risk Implications

16. Income is generated through fares revenue taken on the Park and Ride service and also currently through the rental of car parking spaces at the Gateway Park and Ride site to EDF (for staff at Hinkley Point using their bespoke Park and Ride Service). The service is currently funded through fees and charges as set out in Confidential Appendix F which contains commercially sensitive information relating to contract prices. It is recommended to use any surplus from the EDF rental income to assist in balancing the Council's budget and the on-going budget challenges that the Council faces.
17. The creation of the Unitary Authority provides the opportunity to implement an integrated parking strategy (Appendix G) which reduces demand for town centre parking and encourages use of the park and ride in Taunton, as well as other local bus services. The strategy provides the mechanisms to encourage modal shift to other forms of transport by discouraging private car journeys through the use of increased car parking charges and the removal of freely available parking. Surplus income can be used for the provision of public transport services and facilities including park and ride to deliver an integrated approach in line with the Road Traffic Regulation Act (1984) Section 55. The integrated strategy creates a more financially sustainable model for the provision of park and ride/public transport services and reduces the need for subsidy from the Council's general budget.
18. The park and ride contract can be terminated with 12 months' notice if necessary, without cause, should the funding model become unsustainable in the future.
19. The option to award the Park and Ride contract has been considered by the Commercial and Procurement Control Board. They considered that the option of ceasing the service and maintaining the surplus income from renting spaces to EDF was the preferred option of the Board given their specific remit of challenging non-statutory spend and achieving financial savings in light of the financial emergency.
20. As highlighted in paragraph 14 of this report, if the Park and Ride service ceases then there are implications for the BSIP funding provided by government, which may need to be returned and could impact on our reputation to deliver future initiatives and secure additional funding.

Legal Implications

21. The Council's legal team were consulted and updated the contract Terms and Conditions for the Park and Ride service, ahead of the procurement exercise commencing.

22. The Commercial and Procurement team have supported the procurement process and facilitated a tender exercise through a compliant route to market.

HR Implications

23. The HR Implications are detailed in the confidential Appendix B.

Other Implications:

Equalities Implications

24. Prior to commencing the procurement exercise, an Equalities Impact Assessment (EIA) was completed for both frequency options to ensure all impacts were considered and mitigating action factored into the procurement process where appropriate (see Appendix C).

The implications highlighted related to accessibility, capacity for wheelchairs and also the impact for certain protected groups if timetables and information displays are not provided correctly. The tender specification addressed the issues around accessibility, policy for wheelchair users and the need for compliance with the reasonable adjustment element of the Equalities Act 2010.

The draft EIA attached at Appendix D considers the high-level impacts of developing and introducing an Integrated Parking Strategy. This is currently in draft format and is provided for information only to support the decision-making process. As the detailed proposals are developed, more in-depth, robust impact assessments will be completed.

Community Safety Implications

25. There are no Community Safety Implications associated with this decision.

Climate Change and Sustainability Implications

26. The award of the contract will ensure the continued provision of an alternative parking option for car users not wishing to travel into the town. Signage on the main routes into the town will continue to promote the use of the Park and Ride sites. This aims to reduce the number of cars travelling into the town centre and reduce congestion as well as carbon emissions.

Health and Safety Implications

27. There are no Health & Safety implications associated with the award of this contract.

Health and Wellbeing Implications

28. The continued provision of a Park & Ride service facilitates access to essential retail, leisure, social or health services which helps people remain independent, healthy and active. It is the only regular bus route serving Musgrove Park Hospital throughout the day.

Social Value

29. The tender process required suppliers to complete and submit a social value calculator for each Lot they were bidding on. Social Value was assessed as part of the tender evaluation process.

Scrutiny comments / recommendations:

30. The Scrutiny Committee for Climate and Place considered the contract award at their meeting on 22nd November. They raised concerns regarding the option to cease the service, particularly in terms of any environmental impacts but understood the financial implications. They raised no objections to awarding the contract.

Background

31. The current Park & Ride Service operates Monday to Saturday. It runs every 15 minutes Monday to Friday between 06:35 and 19:30, and every 20 minutes on Saturday between 08:15 and 18:30. The service is currently operated with single deck vehicles. The two sites are served during the evening by other local buses services (the 1E and 30) which does not form part of the Park & Ride contract, and this arrangement will continue for the duration of the BSIP funding.
32. The current contract was awarded on a cost contract basis, whereby the Local Authority retain the fares. This has enabled us to introduce the lower BSIP funded fares (£1 single/£2 return). This initiative is funded until 31st March 2025.
33. The current contract commenced 6th July 2021 and was awarded on a 5+1+1 year basis, however the operator gave notice on the contract as it was no longer viable for them.
34. The local member for Silk Mills raised concerns that traveller incursions of the park and ride sites discouraged use.

Background Papers

- NKD authorising the commencement of a procurement exercise – 14th July 2023

Appendices

- Appendix A – Tender Evaluation Report
- Confidential Appendix B – Tender Evaluation Report
- Appendix C – Equalities Impact Assessments (15- and 20-minute frequency)
- Appendix D – DRAFT Equalities Impact Assessment (introducing an integrated parking strategy)
- Appendix E – Equalities Impact Assessment (ceasing the Park & Ride Service)
- Confidential Appendix F – Funding options
- Appendix G – Taunton Integrated Parking Strategy for Approval

Report Sign-Off (if appropriate) (internal use only - not for publication)

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	27/11/23
Communications	Peter Elliott	16/11/23
Finance & Procurement	Nicola Hix	27/11/23
Workforce	Alyn Jones	27/11/23
Asset Management	Oliver Woodhams	11/11/23
Executive Director / Senior Manager	Mickey Green/ David Carter	27/11/23
Strategy & Performance	Alyn Jones	27/11/23
Executive Lead Member	Cllr Mike Rigby – Lead Member for Transport and Digital	20/11/23
Consulted:	Councillor Name	
Local Division Members	Cllr John Hunt	27/11/23
	Cllr Caroline Ellis	27/11/23
	Cllr Ross Henley	27/11/23
	Cllr Sarah Wakefield	27/11/23
Opposition Spokesperson	Cllr Diogo Rodrigues – Opposition Spokesperson for Transport and Digital	Original report sent 10/11/23 Briefed 24/11/23
Scrutiny Chair	Cllr Martin Dimery	23/11/23
	Cllr Adam Boyden (Vice Chair)	27/11/23

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APPENDIX A

Tender Evaluation Report

**Contract for the Provision of Park and Ride
Passenger Transport Services
DN681100**

Author: **Name: Nena Beric**
 Title: Service Manager
 Commercial and Procurement
 Date: 6/11/2023



1. Management Summary

This tender exercise was for the Provision of Park and Ride Passenger Transport Services. First, the current operator, gave notice on the contract with the current service ceasing on 10 February 2024. The operator cited that they could no longer run a commercially viable service under the current contract. The service was due to run until July 2028 (including extension options). As a result, a procurement exercise was run to seek a replacement service which was conducted by Somerset Council.

Following a Non-Key Decision approval dated 17 July 2023 the decision was taken to go out to tender using The Open Procedure for Services under the Public Contracts Regulations 2015. Contract Notices were published on Contracts Finder and Find a Tender Service (FTS) to commence the tender process. The contract notice was published on FTS as a call for competition on 25 July 2023 (publication reference number 2023/S 000-021512).

The contract was divided into two lots with regards to pricing options. Suppliers were able to tender for one or both lots. The lots were:

- **Lot 1: Monday to Friday with frequency every 15 minutes and Saturday frequency every 20 minutes (4 single decker vehicles)**
- **Lot 2: Monday to Friday and Saturday with frequency every 20 minutes (3 double decker vehicles).**

Within the procurement documentation it was stated that the Authority would award one contract, or not award any contract.

The listing was viewed by 14 suppliers. Of those that viewed the listing 8 did not respond and 1 formally opted out citing that they were unable to be competitive.

2. Procurement Process

This procurement was carried out in accordance with the authority's Contract Procedure Rules and Standing Orders and Public Contracts Regulations 2015 principles.

Suppliers were invited to submit a response to the Invitation to Tender (ITT) through the e-Tendering System. The Procurement Documents were published on 2 August 2023.

Bid responses were received by the closing date of 25 August as follows:

- 5 Bidders responded. One bidder submitted a non-compliant bid and was therefore disqualified. The Commercial and Procurement Team conducted the compliance checks in conjunction with SC specialists in various areas where required.

- 4 Bidders submitted a compliant Bid. 4 bidders submitted a bid for Lot 1 and 3 bidders submitted bids for Lot 2.
- Bids were evaluated in accordance with the criteria set out in the Procurement Documents and set out in section 2.1 below.

This Tender Evaluation Report is accompanied by Confidential Appendix B which contains detail of the final moderated scores, supplier pricing and award recommendation.

2.1. Evaluation Methodology

Bids were evaluated in accordance with the evaluation criteria set out within the Procurement Documents and were applied as follows:

Evaluation criteria breakdown	Means of evaluation	
	Sub criteria	Main criteria
Quality		
Frequency of Service	7.5%	30%
Vehicle and maintenance description	7.5%	
Staffing and Management	7.5%	
Sustainability of the Park and Ride Service	7.5%	
Price		
Lot 1: Monday to Friday frequency – every 15 minutes, Saturday frequency – every 20 minutes (4 single decker buses)		60%
Lot 2: Monday to Friday and Saturday frequency – every 20 minutes (3 double decker buses)		
Social Value		
Procurement Document F Social Value Calculator	5%	10%
Social Value Commitment	5%	

2.2. Quality

The quality questions were scored and evaluated in accordance with the published criteria. Quality responses were marked using the scoring system below:

Score	
5	Exceptional
4	Very Good
3	Good
2	Satisfactory
1	Poor
0	No Response

The quality question responses were evaluated by a panel of SC officers and moderated by staff from the Commercial and Procurement Team. Each evaluation panel member scored each bid response on an individual basis and prior to the moderation meeting which took place on 4 September 2023.

Moderated quality scores and the list of evaluators and moderators are available in Confidential Appendix B.

2.3. Pricing

Pricing was assessed based on the tender price for the Services submitted by bidders within the Pricing Schedule. The lowest tendered price was allocated a maximum score of 60%. Other tendered prices which were higher were scored using the following equation:

$$\% \text{ score} = \frac{\text{lowest tendered price}}{\text{your tendered price}} \times 60\%$$

Example:

- Lowest tendered price - £200,000 scores 60%
- Second lowest tendered price - £220,000 = $(£200,000 \times 60\% \div £220,000)$ scores 54.54%
- Third lowest tendered price - £265,000 = $(£200,000 \times 60\% \div £265,000)$ scores 45.28%

This process essentially ranks the lowest to highest prices and allocates a score based on the difference between them. This Bid evaluation process has been overseen by the Commercial and Procurement Team. The tendered prices and scores are available in Confidential Appendix B.

2.4. Social Value

The qualitative score and the value score (from the Social Value Calculator) was evaluated and moderated by Commercial and Procurement in accordance with the published criteria.

Moderated social value scores are available in Confidential Appendix B.

3. Contractual Position

The Contract will be under the standard Somerset Council Service Terms and Conditions.

As part of the bid response, Bidders were invited to offer specific measurable Social Value commitments in addition to the stated requirements of the specification. Delivery of these commitments will be monitored as part of contract management. This is subject to approval of a Key Decision to award supported by this evaluation report.

3.1. Proposed Term

The awarded Contract will be for an initial term of 36 months (3 years). The contract will commence on 12 February 2024 and will continue up to the initial term which will expire on 11 February 2027. An option to extend by mutual agreement is available for a further period of 48 months (4 years) or 2 (two) periods of up to 24 months (two years) each. The Council will give at least 6 months' notice of any option to extend following full market analysis.

The full duration of the contract, including extension options will be 7 years.

3.2. Service Levels and Contract Management

Service levels will be monitored as part of Contract Management and the contract will be managed to ensure that the service meets expectations and to identify further opportunities for cost and service improvement.

4. Next Steps

- Key Decision to award to be approved – **6 December 2023**
- Suppliers to be informed of the decision by Commercial and Procurement Team - **7 December 2023**
- Standstill period - **8 to 18 December 2023**
- Contract Mobilisation/ Implementation - **19 December 2023 to 9 February 2024**
- New service commences - **12 February 2024**

End of Report

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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The Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

<p>Organisation prepared for (mark as appropriate)</p>						
<p>Version</p>	<p><u>1</u></p>		<p>Date Completed</p>	<p><u>07/07/2023</u></p>		
<p>Description of what is being impact assessed</p>						
<p>The current operator of the Taunton Park and Ride service has given notice on the contract, with effect from 8th November 2023. As the Park and Ride service is an essential part of the Taunton bus network, we need to procure a replacement service. Option One in the tender is to procure a like for like service on a 15 minute frequency Monday to Friday and a 20 minute frequency on Saturday. This assessment is looking at the scope of the contract and requirements set out within the tender specification to ensure that this option remains ‘fit for purpose’. This means continuing with no service on a Sunday and the operating hours remaining 6.45am – 7.30pm Monday – Friday and 8.25am – 6.00pm on a Saturday.</p> <p>The new tender specification for the service will also request displays on the front, back and side of the vehicle including destination displays.</p> <p>There is currently a £1 fare initiative on the Park and Ride which is funded by the government’s Bus Service Improvement Plan (BSIP) scheme. The funding is available until March 2025 and therefore, there are no plans to change the fares at this stage. An impact assessment will be done at the point of any fare review and will not be assessed as part of this EIA.</p>						

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

Disability:

Just under 100,000 people in Somerset (18.8% of the population) said they had a long-term condition or disability which limited their day-to-day activities a lot or a little.

Age:

The ages of Somerset residents are:

education or pre-education age (0-24) 25.4%

approximate working age (25-65) 49.6%

approximate pensionable age (65+) 24.9%

A quarter of the population were aged 65 and over.

The overall age profile of residents in Somerset is changing with an increase in elderly retired residents, particularly in West Somerset.

Race:

The demographic of Somerset consists of:

91.3% as 'White British',

4.4% as 'White Other' and,

4.3% as 'Other'

The greatest relative change since 2011 comes amongst those from black ethnic groups, with the number of residents from those groups having more than doubled from 1,013 in 2011 to 2,436 in 2021.

There are 14,544 households in Somerset comprised of residents from different ethnic groups. This represents 8.4% of all Somerset households with more than one resident and is an increase of over 5,000 households since 2011, when the proportion was 5.7%.

Public Transport Usage in Somerset:

Based on 2019-20 data, there were 5.9 million adult single passenger journeys made on public transport in Somerset (registered public bus services) of which 2.4 million journeys (43%) were made by concessionary pass holders. There are currently 94,388 Concessionary Bus Passes in circulation, of which 90,630 have been awarded on age and 3,758 on disability.

Concessionary pass holders have made 107,889 journeys on the park and ride service, between September 2022 and July 2023, which equates to a percentage of 28.54% of the total numbers of journeys.

For those cards issued in 2019-20, data shows that 9,250 (43.7%) of concessionary pass holders identified as male, 11,791 (55.7%) of concessionary pass holders identified as female, with the remaining 128 (0.6%) not being identified by gender on the database.

Sources of data used:

To inform the above information the below sites were used:

Disability - <http://www.somersetintelligence.org.uk/health-and-disability.html>

Age - <http://www.somersetintelligence.org.uk/somerset-census-2021.html>

Race - <http://www.somersetintelligence.org.uk/ethnicitytest/>

<http://www.somersetintelligence.org.uk/cyp-population.html>

Public Transport Usage in Somerset – Somerset County Council concessionary fares database,

2017 National Travel Survey <https://www.gov.uk/government/statistics/national-travel-survey-2017>

Census 2021 – Travel to work <http://www.somersetintelligence.org.uk/census-2021-labour-market-and-travel-to-work.html>

Journey time statistics: data tables (JTS) - GOV.UK <https://www.gov.uk/government/statistical-data-sets/journey-time-statistics-data-tables-jts#journey-times-to-key-services-by-local-authority-jts04>

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

Tom Rutland - Public Health Promotion Manager – Equalities

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"> People of working age unable to use Park & Ride to access work or events in Taunton on weekday or Saturday evenings or anytime Sunday. This will be especially relevant to shift workers. 	☒	☐	☐
Disability	<ul style="list-style-type: none"> People who are visually impaired may struggle to view the information and destination displays if they are not formatted correctly. People with learning disabilities may struggle to identify buses if the livery changes colour. 	☒	☐	☐

	<ul style="list-style-type: none"> People with learning disabilities and sensory loss may struggle to understand the information regarding the new service provider and how to contact them if the marketing information is not set out in clear formats for all. 			
Gender reassignment	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐
Marriage and civil partnership	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐
Pregnancy and maternity	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐
Race and ethnicity	<ul style="list-style-type: none"> People where English is not their first language may struggle to understand the information regarding any service provider changes if the information is not set out in clear formats for all. 	☒	☐	☐
Religion or belief	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐
Sex	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐

Sexual orientation	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐
Armed Forces (including serving personnel, families and veterans)	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐
Other, e.g. carers, low income, rurality/isolation, etc.	<ul style="list-style-type: none"> Families with young children are more likely to have one parent who works evenings/shifts to help with childcare. Those parents would be unable to use Park & Ride to access work in Taunton on weekday or Saturday evenings or anytime Sunday. 	☒	☐	☐

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
Car parking is free in Taunton car parks on Sundays and therefore there is less of a need for the park & ride service to operate.		Natasha Bates/John Perrett	Feedback from the public. Review any future changes to parking policy.	☐
Somerset Council has received Bus Service Improvement Plan (BSIP) funding to deliver evening services in Taunton. Some evening public service routes have already been extended to serve both park & ride sites in the evening once the core service stops.	30/01/2023	Natasha Bates	Quarterly BSIP Reviews on success/viability of evening services.	☐

Ensure that any promotional material and information regarding the service changes are clear and available in easily understandable formats for all potential service users.	31/10/2023	Andrew Doyle	Feedback from passengers.	<input type="checkbox"/>
Use the Travel Trainers, who work with LD clients to encourage them to travel independently, to help deliver the information on the changes to service provision.	31/10/2023	Natasha Bates	Feedback from Travel Trainers/passengers	<input type="checkbox"/>
The tender specification will state the need to comply with the reasonable adjustment element of the Equalities Act 2010 to ensure display screens are fit for purpose and viewable to all.	21/07/2023	Natasha Bates/John Perrett	Assessed in tender responses and contract management. Feedback from passengers.	<input type="checkbox"/>
The livery may change but the specification will ask for a dedicated livery, so the vehicles are easily identifiable. Any changes will be clearly communicated as part of the promotion of the service.	21/07/2023	Natasha Bates/John Perrett/Andrew Doyle	Assessed in tender responses and contract management. Feedback from passengers.	<input type="checkbox"/>
If negative impacts remain, please provide an explanation below.				

Completed by:	Nicholas Margison
Date	07/07/2023
Signed off by:	Natasha Bates
Date	10/07/2032
Equality Lead sign off name:	Tom Rutland
Equality Lead sign off date:	11/07/2023
To be reviewed by: (officer name)	Nicholas Margison/Natasha Bates
Review date:	31/10/2023

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

<u>Organisation prepared for (mark as appropriate)</u>	 Somerset Council		 NHS Somerset		 NHS Somerset NHS Foundation Trust	
<u>Version</u>	<u>1</u>		<u>Date Completed</u>	<u>06/07/23</u>		
<u>Description of what is being impact assessed</u>						
<p>290913 The current operator of the Taunton Park and Ride service has given notice on the contract, with effect from 8th November 2023. As the Park and Ride service is an essential part of the Taunton bus network, we need to procure a replacement service. The expectation is that the cost of providing this contract will now increase and Transporting Somerset are reviewing ways to limit the impact of any contract price increases. One of the options being explored is a reduced service frequency Monday to Friday from the current 15 minute frequency to 20 minutes, leaving the Saturday service at a 20 minute frequency. This option would also include the addition of double deck vehicles, as opposed to the current single deck, to provide additional capacity. The new tender specification for the service will also request displays on the front, back and side of the vehicle including destination displays.</p> <p>This assessment is looking at the scope of the contract and requirements set out within the tender specification to assess the impact of these and in particular the reduced frequency and change in vehicle type.</p> <p>There is currently a £1 fare initiative on the Park and Ride which is funded by the government’s Bus Service Improvement Plan (BSIP) scheme. The funding is available until March 2025 and therefore, there are no plans to change the fares at this stage. An impact assessment will be done at the point of any fare review and will not be assessed as part of this EIA.</p>						

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

Disability:

Just under 100,000 people in Somerset (18.8% of the population) said they had a long-term condition or disability which limited their day-to-day activities a lot or a little.

Age:

The ages of Somerset residents are:

education or pre-education age (0-24) 25.4%

approximate working age (25-65) 49.6%

approximate pensionable age (65+) 24.9%

A quarter of the population were aged 65 and over.

The overall age profile of residents in Somerset is changing with an increase in elderly retired residents, particularly in West Somerset.

Race:

The demographic of Somerset consists of:

91.3% as 'White British',

4.4% as 'White Other' and,

4.3% as 'Other'

The greatest relative change since 2011 comes amongst those from black ethnic groups, with the number of residents from those groups having more than doubled from 1,013 in 2011 to 2,436 in 2021.

There are 14,544 households in Somerset comprised of residents from different ethnic groups. This represents 8.4% of all Somerset households with more than one resident and is an increase of over 5,000 households since 2011, when the proportion was 5.7%.

Gender:

51.1% of the population of Somerset are female and 48.9% are male. (Projected estimates through Somerset Intelligence.org.uk based on 2021 census data)

Public Transport Usage in Somerset:

Based on 2019-20 data, there were 5.9 million adult single passenger journeys made on public transport in Somerset (registered public bus services) of which 2.4 million journeys (43%) were made by concessionary pass holders. There are currently 94,388 Concessionary Bus Passes in circulation, of which 90,630 have been awarded on age and 3,758 on disability.

Concessionary pass holders have made 107,889 journeys on the park and ride service, between September 2022 and July 2023, which equates to a percentage of 28.54% of the total numbers of journeys.

For those cards issued in 2019-20, data shows that 9,250 (43.7%) of concessionary pass holders identified as male, 11,791 (55.7%) of concessionary pass holders identified as female, with the remaining 128 (0.6%) not being identified by gender on the database.

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Age - <http://www.somersetintelligence.org.uk/somerset-census-2021.html>

Gender - <http://www.somersetintelligence.org.uk/somerset-census-2021.html>

Race - <http://www.somersetintelligence.org.uk/ethnicitytest/>

<http://www.somersetintelligence.org.uk/cyp-population.html>

Public Transport Usage in Somerset – Somerset County Council concessionary fares database,

2017 National Travel Survey <https://www.gov.uk/government/statistics/national-travel-survey-2017>

Census 2021 – Travel to work <http://www.somersetintelligence.org.uk/census-2021-labour-market-and-travel-to-work.html>

Journey time statistics: data tables (JTS) - GOV.UK <https://www.gov.uk/government/statistical-data-sets/journey-time-statistics-data-tables-jts#journey-times-to-key-services-by-local-authority-jts04>

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

Tom Rutland - Public Health Promotion Manager – Equalities

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">Older people with mobility issues may not be able to access the upper floor of the double decker vehicle and therefore may not be able to travel at times if the lower deck is full.	☒	☐	☐

Disability	<ul style="list-style-type: none"> • People with learning disabilities and sensory loss may struggle to understand the timing changes and information regarding the adjustments if the information is not set out in clear formats for all. • People with learning disabilities may struggle to identify buses if the livery changes colour. • People with physical disabilities may struggle to use the double deck buses if they are not low floor to the curb. • People with physical disabilities may not be able to access the upper floor and therefore may not be able to travel at times if the lower deck is full. • People who are visually impaired may struggle to view the information and destination displays if they are not provided correctly. 	⊗	□	□
Gender reassignment	<ul style="list-style-type: none"> • Considered with no impact highlighted. 	□	□	□
Marriage and civil partnership	<ul style="list-style-type: none"> • Considered with no impact highlighted. 	□	□	□
Pregnancy and maternity	<ul style="list-style-type: none"> • Considered with no impact highlighted. 	□	□	□

Race and ethnicity	<ul style="list-style-type: none"> • People where English is not their first language may struggle to understand the timing changes and information regarding the adjustments if the information is not set out in clear formats for all. 	☒	☐	☐
Religion or belief	<ul style="list-style-type: none"> • Considered with no impact highlighted. 	☐	☐	☐
Sex	<ul style="list-style-type: none"> • Women are more likely to use the bus network and parents with young children may struggle to use the buses if there is not enough space for pushchairs/buggies, especially at peak times. 	☒	☐	☐
Sexual orientation	<ul style="list-style-type: none"> • Considered with no impact highlighted. 	☐	☐	☐
Armed Forces (including serving personnel, families and veterans)	<ul style="list-style-type: none"> • Considered with no impact highlighted. 	☐	☐	☐
Other, e.g. carers, low income, rurality/isolation, etc.	<ul style="list-style-type: none"> • Considered with no impact highlighted. 	☐	☐	☐

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
Ensure that any promotion material and information regarding the service changes are clear and available in easily understandable formats for all potential service users.	31/10/2023	Andrew Doyle	Feedback from passengers	<input type="checkbox"/>
Use the Travel Trainers, who work with LD clients to encourage them to travel independently, to help deliver the information on the changes to service users.	31/10/2023	Natasha Bates	Feedback from Travel Trainers	<input type="checkbox"/>
All the vehicles on the service will be fully compliant with the Public Service Vehicles Accessibility Regulations (PSVAR) and therefore fully accessible to those with physical disabilities.	08/11/2023	Ian Bell	Feedback from passengers and contract management	<input type="checkbox"/>
The livery may change but the specification will ask for a dedicated livery, so the vehicles are easily identifiable. Any changes will be clearly communicated as part of the promotion of the service.	21/07/2023	Natasha Bates/ John Perrett/ Andrew Doyle	Assessed in tender responses and contract management.	<input type="checkbox"/>
The quality questions within the tender specification will ask the suppliers for their policy on managing capacity issues with wheelchair users and pushchairs.	21/07/2023	Natasha Bates/ John Perrett	Assessed in tender responses and contract management.	<input type="checkbox"/>

Vehicles will be fitted with accessible seats clearly marked for those who may need this. There will also be standing room on the lower deck for able passengers who could give up their seat for someone who needed a seat.	09/11/2023		Feedback from passengers and contract management.	<input type="checkbox"/>
The tender specification will state the need to comply with the reasonable adjustment element of the Equalities Act 2010 to ensure display screens are fit for purpose and viewable to all.	21/07/2023		Assessed in tender responses and contract management.	<input type="checkbox"/>

If negative impacts remain, please provide an explanation below.




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There may be a negative impact that remains for those that cannot access the upper deck if the lower deck is full when the buses are busy, especially at peak times, and may have to wait 20 minutes for the next service bus. This will be monitored with the expectation that the driver will try to move passengers (where appropriate) to the upper deck if this situation arises.

Completed by:	Nicholas Margison
Date	07/07/2023
Signed off by:	Natasha Bates
Date	10/07/2023
Equality Lead sign off name:	Tom Rutland
Equality Lead sign off date:	11/07/2023
To be reviewed by: (officer name)	Nicholas Margison/Natasha Bates
Review date:	31/10/2023

The Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

<u>Organisation prepared for</u> (mark as appropriate)	 Somerset Council		 NHS Somerset		 NHS Somerset NHS Foundation Trust	
<u>Version</u>	<u>1</u>		<u>Date Completed</u>	<u>20/11/2023</u>		
<u>Description of what is being impact assessed</u>						
<p>In order to encourage greater use of the Park and Ride service as well as other local bus services, a new Taunton Integrated Parking Strategy could be introduced to support this. This scheme would see the removal of freely available parking within 1 mile of key destinations in the town centre (i.e. the station and hospital) and would review parking charges in the town centre car parks to make the bus a more attractive option. The impact of removing free parking and raising car parking charges is being assessed.</p>						
<u>Evidence</u>						
<p>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</p>						
<p>Disability:</p> <p>21.6% of people in Somerset have a limiting long-term illness.</p>						

2023/11/20

Just under 100,000 people in Somerset (18.8% of the population) said they had a long-term condition or disability which limited their day-to-day activities a lot or a little.

Age:

The ages of Taunton residents are:

- education or pre-education age (0-17): 16,168 (21%)
- approximate working age (18-64): 44,330 (58%)
- approximate pensionable age (65+): 15,957 (21%)

Race:

The demographic of Somerset consists of:

- 91.3% as 'White British',
- 4.4% as 'White Other' and,
- 4.3% as 'Other'

The greatest relative change since 2011 comes amongst those from black ethnic groups, with the number of residents from those groups having more than doubled from 1,013 in 2011 to 2,436 in 2021.

There are 14,544 households in Somerset comprised of residents from different ethnic groups. This represents 8.4% of all Somerset households with more than one resident and is an increase of over 5,000 households since 2011, when the proportion was 5.7%.

Public Transport Usage in Somerset:

Based on 2022-23 data, there were 4.4 million adult single passenger journeys made on public transport in Somerset (registered public bus services) of which 1.7 million journeys (39%) were made by concessionary pass holders.

Park and ride patronage between October 2022 - October 2023 was 475,616, this has a daily average of 1,550 journeys a day. Of the 475,616, Concessionary pass holders made 141,199 of these journeys, which equates to 29.98% of the total journeys.

At the time of the 2021 census, the government advice was for people to work from home where possible, and to avoid public transport. Of those who were travelling to a place of work, 78.5% were travelling by car or van. Only 2.1% were travelling by public transport, with 17% either walking or cycling. It is difficult to determine the impact of the government advice around avoiding public transport on these figures.

The DfT Bus Usage survey found that Somerset residents made c6.3 million bus journeys in 2018/19. **This averages at 11.3 journeys per capita, the 5th lowest of all English Local Authorities.**

Expressed as a rate per head of population, Somerset's bus usage was the fifth lowest in England in 2018/19.

Sources of data used:

To inform the above information the below sites were used:

Disability - <http://www.somersetintelligence.org.uk/health-and-disability.html>

Age - <http://www.somersetintelligence.org.uk/somerset-census-2021.html>

<https://www.citypopulation.de/en/uk/>

Race - <http://www.somersetintelligence.org.uk/ethnicitytest/>

<http://www.somersetintelligence.org.uk/cyp-population.html>

Public Transport Usage in Somerset – Somerset County Council concessionary fares database,

2017 National Travel Survey <https://www.gov.uk/government/statistics/national-travel-survey-2017>

Census 2021 – Travel to work <http://www.somersetintelligence.org.uk/census-2021-labour-market-and-travel-to-work.html>

Journey time statistics: data tables (JTS) - GOV.UK <https://www.gov.uk/government/statistical-data-sets/journey-time-statistics-data-tables-jts#journey-times-to-key-services-by-local-authority-jts04>

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

Tom Rutland - Public Health Promotion Manager – Equalities

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"> Working age population who currently park for free in residential areas would have to find alternative parking arrangements. All ages including the working age population and older people who currently use the town centre car parks could face an increase cost, which is not sustainable. 	☒	☐	☐
Disability	<ul style="list-style-type: none"> People with disabilities who have been issued with a Blue Badge permit, will not be impacted by the introduction of any permit restrictions where they live, as the Blue Badge acts as a permit, so there is no additional cost associated with this. 	☒	☐	☐

	<ul style="list-style-type: none"> People with disabilities who have been issued with a Blue Badge permit, will continue to receive additional parking time at no extra cost in car parks where payment is required. 			
Gender reassignment	<ul style="list-style-type: none"> Considered with no impact highlighted. 	□	□	□
Marriage and civil partnership	<ul style="list-style-type: none"> Considered with no impact highlighted. 	□	□	□
Pregnancy and maternity	<ul style="list-style-type: none"> Considered with no impact highlighted. 	□	□	□
Race and ethnicity	<ul style="list-style-type: none"> People where English is not their first language may struggle to understand the information regarding any changes if the information is not set out in clear formats for all. 	⊠	□	□
Religion or belief	<ul style="list-style-type: none"> Considered with no impact highlighted. 	□	□	□
Sex	<ul style="list-style-type: none"> Considered with no impact highlighted. 	□	□	□

Sexual orientation	<ul style="list-style-type: none"> Considered with no impact highlighted. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Armed Forces (including serving personnel, families and veterans)	<ul style="list-style-type: none"> Considered with no impact highlighted. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, e.g. carers, low income, rurality/isolation, etc.	<ul style="list-style-type: none"> People living in any proposed permit areas will face an additional expense of purchasing a permit if they require on-street parking. Residents are now able to pay for permits on a monthly basis, which is currently £5 a month, spreading the cost and making it more affordable. People on low income may struggle to pay higher car parking charges but there is an affordable option available through the Park & Ride £1 fare scheme. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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
Ensure that any consultation and communication in relation to permits controlled areas and car parking charges are clear so people understand the implications and the alternative options available.	Ahead of any consultation	Communications/Parking Services	Feedback from public/residents	

As the Park and Ride has the £1 single/£2 return fare currently in place, this provides an alternative low cost solution.	Already in place	Natasha Bates/John Perrett	Feedback from public/residents	
People who qualify for a concessionary bus pass on the grounds of age are permitted to travel for free on the Park & Ride service after the standard 9.30am time threshold.	Already in place	Natasha Bates/John Perrett	Feedback from public/residents	

If negative impacts remain, please provide an explanation below.




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Completed by:	Nicholas Margison
Date	20/11/2023
Signed off by:	
Date	
Equality Lead sign off name:	
Equality Lead sign off date:	
To be reviewed by: (officer name)	
Review date:	

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Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or www.somerset.gov.uk/impactassessment

Organisation prepared for (mark as appropriate)					
Version	<u>1</u>	Date Completed	<u>15/11/23</u>		
<u>Description of what is being impact assessed</u>					
<p> The current operator of the Taunton Park and Ride service gave notice on the contract, with effect from 8th November 2023. The expectation is that the cost of providing this contract will now increase and with Somerset Council recently declaring a financial emergency, Transporting Somerset are reviewing ways to limit the impact of any contract price increases or make savings on the contract. </p> <p> One of the options being explored is to cease providing the Park and Ride service completely. This is a discretionary service used in the main for commuters to access the town centre. The service runs in a figure of 8 to and from the sites with Castle Green, in the centre of Taunton used as a midpoint, and is the only regular service to serve Musgrove Park Hospital during the day. Passengers can use the service from any of the designated stops along the route and don't need to have parked at one of the Park and Ride sites to access the bus. On average there are 1550 journeys a day on this service between October 2022 to October 2023. </p> <p> A number of changes have taken place to reduce the cost of the park & ride service over time which includes new service providers, reductions in frequency and the implementation of CCTV to remove the need for customer service assistants at the sites. Options for commercial use of the sites have also been considered and part of the Gateway site is now leased to EDF </p>					

2023/11/15

As well as the impact on passengers the closure of the service will have an environmental impact and will have a detrimental effect on a number of improvement and development plans within the Taunton area of the County. These include: -

- Taunton Town Public realm
- Somerset's Bus Service Improvement Plan (BSIP)
- Taunton Garden Town improvements and development and the new Taunton Strategy
- SCC Passenger Transport Strategy
- Taunton Car Parking Strategy

Large amounts of modelling on these developments has already taken place, closure of the Park & Ride would preclude this modelling being used in a meaningful way and could impede many of these developments without additional modelling being undertaken.

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

Age:

The ages of Taunton residents are:

- education or pre-education age (0-17): 16,168 (21%)
- approximate working age (18-64): 44,330 (58%)
- approximate pensionable age (65+): 15,957 (21%)

Older women are particularly affected by a lack of transport, especially if they outlive their partner as they are less likely to drive a car. In Somerset, females over the age of 65 are 3 times less likely to own their own private transport than their male counterparts.

While older people are less likely to have access to private transport if they live in towns, there are nevertheless around 2,700 women and 900 men aged 65 or over living in rural villages with no access to car or van. This can often contribute to increased social isolation and poorer wellbeing.

Gender:

51.1% of the population of Somerset are female (292,100) and 48.9% are male (279,447). (Based on 2021 census data)

Disability:

21.6% of people in Somerset have a limiting long-term illness.

Just under 100,000 people in Somerset (18.8% of the population) said they had a long-term condition or disability which limited their day-to-day activities a lot or a little.

Race:

The demographic of Somerset consists of:

94.6% as 'White British',

2.8% as 'White Other' and,

2.6% as 'Other'

Between the 2001 and 2011 Censuses, there has been an increase in the estimated number of residents aged 20-24, which may be linked to increases in young migrant workers.

Social Economic (Low Income):

15.9% of households in Somerset, have no car or van, 1 in 5 Somerset residents aged 65 or more have no access to car or van. The proportion is even higher in some rural towns and villages and amongst women (2011 Census)

Although 84.1% of households in Somerset have a car/van, in most cases the main wage earner uses the vehicle to access employment. Therefore, public transport is relied on by the other members of the household to access services.

13% of households are workless.

Working age main benefit claimants in Somerset is at 9.2% total population in 2020.

Social Isolation:

The availability of affordable, accessible and safe transport has been identified as having a huge impact on social isolation and loneliness. Poor transport can restrict access to opportunities such as further education, training, employment, as well as access to health facilities, shops and amenities (Clarke, 2014). Therefore, reducing barriers to local public and community transport should be a top priority for local authorities looking to combat social isolation.

The 2014/15 Community Life Survey showed that the Southwest has the highest rate of formal volunteering of any region in England.

Carers:

There are over 58,300 carers in Somerset, which constitutes 11% of the total population.

Public Transport Usage in Somerset:

Based on 2022-23 data, there were 4.4 million adult single passenger journeys made on public transport in Somerset (registered public bus services) of which 1.7 million journeys (39%) were made by concessionary pass holders.

Park and ride patronage between October 2022 - October 2023 was 475,616, this has a daily average of 1,550 journeys a day. Of the 475,616, Concessionary pass holders made 141,199 of these journeys, which equates to 29.98% of the total journeys.

As of August 2023, the total number of live concessionary passes issued to senior citizens in Somerset is 98,931, of which 94,684 were age-related and 4,067 disability related.

At the time of the 2021 census, the government advice was for people to work from home where possible, and to avoid public transport. Of those who were travelling to a place of work, 78.5% were travelling by car or van. Only 2.1% were travelling by public transport, with 17% either walking or cycling. It is difficult to determine the impact of the government advice around avoiding public transport on these figures.

The DfT Bus Usage survey found that Somerset residents made c6.3 million bus journeys in 2018/19. This averages at 11.3 journeys per capita, the 5th lowest of all English Local Authorities.

Between 2017/18 and 2019/20, total bus mileage in Somerset dropped 15.4% whilst the number of commercial passengers dropped 13%. Our experience shows evening and weekend services are usually first to go.

Expressed as a rate per head of population, Somerset's bus usage was the fifth lowest in England in 2018/19.

Sources of data used:

To inform the above information the below sites were used:

Disability - <http://www.somersetintelligence.org.uk/health-and-disability.html>

Age - <http://www.somersetintelligence.org.uk/population-estimates-and-projections/>

<https://www.citypopulation.de/en/uk/>

Gender - <http://www.somersetintelligence.org.uk/population-estimates-and-projections/>

<https://www.citypopulation.de/en/uk/>

Race - <http://www.somersetintelligence.org.uk/ethnicitytest/>

<http://www.somersetintelligence.org.uk/cyp-population.html>

Social Economic - <http://www.somersetintelligence.org.uk/households-with-no-car-or-van.html>

<https://www.gov.uk/government/statistics/national-travel-survey-2017>

<https://www.nomisweb.co.uk/reports/lmp/la/1941962904/report.aspx?town=somerset#tabjobs>

Social Isolation – Social Isolation and Loneliness in the UK (Hannah Griffiths), Social Isolation in Bristol (2014), (David Clarke)

<http://www.somersetintelligence.org.uk/files/State%20of%20Rural%20Services%20report%202016.pdf>

Carers - <http://www.somersetintelligence.org.uk/carers.html>

Public Transport Usage in Somerset – Somerset County Council concessionary fares database,

2011/2021 Census (uplifted census data has been utilised where possible) <http://www.somersetintelligence.org.uk/census-datasets.html>

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

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">Working age population who drive and use the P&R could now face increased parking charges if they wish to park in town. This could affect younger workers who are likely to have less well paid jobs, potentially making work no longer viable due to the extra costTeenagers/Young adults who can travel independently but do not drive and use the service to access the hospital or to catch the	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<p>Falcon Bus to Bristol, Exeter or Plymouth for onward travel, may now be unable to access further education, health appointments and work opportunities.</p> <ul style="list-style-type: none"> Older people are more likely to need access to health care at MPH and those who do not drive may no longer be able to access these services or face increased costs. 			
Disability	<ul style="list-style-type: none"> People with disabilities may no longer be able to access health services at MPH if they cannot walk to the site from the town centre or they will face increased parking costs if they park on the MPH site. People who are unable to drive on medical grounds, who would have previously caught the P&R from the town centre, may no longer be able to access health services at MPH. If P&R services are withdrawn this could create a loss of independence and access to health & social care services as well as access to work opportunities. 	☒	☐	☐
Gender reassignment	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐
Marriage and civil partnership	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐

Pregnancy and maternity	<ul style="list-style-type: none"> Pregnant women will have an increased need to access health services at MPH and therefore may rely on the P&R to access these services rather than driving or as a way to save parking charges. 	☒	☐	☐
Race and ethnicity	<ul style="list-style-type: none"> Migrant workers unable to access work and health services at MPH as they are less likely to have access to or be able to afford their own vehicle and may rely on the P&R to access MPH. 	☒	☐	☐
Religion or belief	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐
Sex	<ul style="list-style-type: none"> Females could be impacted more than men as statistics show that women make the most use of public transport. The most trips are made by women in the 17-20 and 60+ age groups with females in the older age group being less likely to have access to a car than their male counterparts. Women are more likely to be on lower paid jobs so having to pay increased parking charges to park in Taunton could make employment no longer viable due to extra cost. 	☒	☐	☐
Sexual orientation	<ul style="list-style-type: none"> Considered with no impact highlighted. 	☐	☐	☐

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
Talk to bus operators who operate services in Taunton to negotiate if they are willing to divert services into the hospital.	Select date			<input type="checkbox"/>
Taunton has a town centre bus network and this could be used by travellers who wish to access the town centre. It is the same cost as the P&R.	Select date			<input type="checkbox"/>
Free hospital transport is available for anyone who qualifies and may struggle to get to health appointments either on medical or social grounds.	Select date			<input type="checkbox"/>

If negative impacts remain, please provide an explanation below.

The extra costs associated with using town centre or MPH car parks cannot be mitigated, and if anything may get worse if parking charges increase.

Completed by:**Nicholas Margison****Date****15/11/23****Signed off by:****Natasha Bates**

Date	24/11/23
Equality Lead sign off name:	Tom Rutland
Equality Lead sign off date:	27/11/23
To be reviewed by: (officer name)	Nicholas Margison/Natasha Bates
Review date:	6 months from any decision being made to cease the service

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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APPENDIX G: TAUNTON INTEGRATED PARKING STRATEGY – POLICY FOR ADOPTION 6/12/23

1. Introduction

Prior to vesting day on the 1 April 2023 creating Somerset Council as a unitary authority; responsibility for parking services in Taunton was divided between the authorities as follows:

- Off-Street Parking: Somerset West and Taunton Council in partnership with Somerset County Council for the enforcement.
- On-Street Parking Enforcement: Somerset County Council.
- Park and Ride: Somerset County Council.

This arrangement has meant that whilst there has been a good degree of collaboration and joint working between the authorities on parking matters, it has not been possible to have a fully integrated parking strategy for the town which seeks to achieve agreed social, economic, and environmental outcomes.

Somerset Council is preparing a new Local Transport Plan which is likely to be adopted during 2024. The Executive Board (10 July 2023) adopted a set of Transport and Planning Policy Guiding Principles to inform preparation of the new plan. Parking policy will be a key lever to achieve the outcomes of the new plan and in particular helping achieve the following key principles which were agreed by Executive in the July 2023 paper:

- *Reducing carbon emissions will be the key priority for the transport and development plans including adoption of a transport decarbonisation pathway.*
- *Priority policy interventions will be related to reducing the need to travel and promoting sustainable travel (active travel for shorter distances, e-bikes and micromobility for slightly longer distances, shared transport, bus, demand responsive transport and rail for longer distances, and policy interventions such as parking management that aim to reduce demand for travel by private car).*

Somerset Council as a unitary authority is now in a position to adopt an integrated parking strategy for Taunton comprising the following guiding principles, and this will form part of the Local Transport Plan in due course. This paper adopts the overall strategy and guiding principles, with individual elements subject to further consultation on detailed proposals as necessary in line with the legislation governing any particular element.

2. Taunton Integrated Parking Strategy

The policy seeks to reduce demand for travel by private car into Taunton Town Centre in order to:

- Manage levels of congestion and air quality on town centre roads ensuring as far as possible that pollutants do not exceed concentrations that adversely affect public health the environment.
- Minimise carbon emissions from private cars through reducing distances travelled into the town to access parking provision.
- Improve the town centre retail environment by making it easier and more attractive for people to walk, cycle, congregate and connect in the town centre.

Measures will include:

- Reducing demand for town centre parking through active management of parking charges including increasing charges in areas where necessary to achieve the outcomes of the strategy.
- Consulting on and introducing on-street parking controls as necessary to manage any adverse impacts of changes to parking fees. The control of freely available on-street parking within 1 mile of key destinations in the town centre (such as the station, the hospital and any other impacted areas) will support delivery of the strategy and help manage any adverse impacts on residential areas.
- Enable investment of any surplus parking income from these measures into provision of public transport services and facilities including park and ride to deliver an integrated strategy in line with the Road Traffic Regulation Act (1984) Section 55.

Measures are likely to be introduced incrementally starting with revisions to parking charges, followed by any necessary parking controls arising from monitoring the impacts of the changes.

ENDS

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5

Following prior publication in the Forward Plan November 2023, in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5, notice is hereby given that the Executive is requested to consider agreeing a resolution at its Meeting on 6 December 2023 to exclude the press and public from any part of the meeting where exempt information relating to the items below is to be disclosed:

Award of a contract for the provision of the Park and Ride Service in Taunton and adoption of a Taunton Integrated Parking Strategy

Author: Mike O’Dowd-Jones, Strategic Manager – Highways and Transport Commissioning / Natasha Bates, Service Manager – Transport Commissioning

Contact Details: mike.odowdjones@somerset.gov.uk 01823 356238
natasha.bates@somerset.gov.uk or 01823 357199

Reasons for the item to be considered in private session at the meeting

Local Government Act 1972 – Schedule 12A

The item is likely to contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

Representations received to hold the item in open session

None.

Council’s response to representations received

Not applicable.

Circulation:

All Somerset Council Members
Council's website

28 November 2023
David Clark – Monitoring Officer

For questions about this notice please contact Mike Bryant, Democratic Services, County Hall, Taunton, TA1 4DY.
Tel: 01823 357628 Email: mike.bryant@somerset.gov.uk

Decision Report - Executive Decision

Forward Plan Reference: FP/23/10/10

Decision Date – 06/12/2023

Key Decision – yes

Confidential Information – no



Recommission - Learning Disabilities Open Framework (LDOF)

Executive Member(s): Cllr Dean Ruddle – Lead Member for Adult Social Care

Local Member(s) and Division: All

Lead Officer: Mel Lock – Executive Director, Adults and Health

Author: George Bray

Contact Details: George.bray@somerset.gov.uk

Summary / Background

1. This decision is to recommission the current Learning Disabilities Open Framework (LDOF) which allows Adults to purchase and contract care using a Dynamic Purchasing System (DPS). This mechanism promotes choice for the individuals receiving the support, promotes competition with providers in the local market and allows for an effective and efficient method of purchasing care. The current framework will be revised to expand market opportunities and to remove solely diagnosis specific options to move to a service led model.
2. The current framework needs to be recommissioned by 31st March 2024 due to both its term and maximum spend being reached, and therefore a system is required to ensure equity and stability of purchasing for the local authority that is compliant with procurement regulations. The recommissioning process allows for review and amendment of the current specifications and design of the DPS. This will include refining details within the specifications which may have caused issues or financial risk to the council, e.g., notice periods which will be tightened. The review of the documentation also allows for the addition and clarification of areas including quality standards, which promote value for money and market quality, and provides contracts and quality colleagues with strengthened documentation to ensure provider accountability.
3. The Service types to be included in the revised framework are:
 - Residential
 - Supported Living
 - Domiciliary care
 - Respite and Short Breaks
 - Day Opportunities and Community Outreach
 - Employment Support

4. The majority of the services listed above are commissioned on the basis of meeting individualised assessed eligible needs under the Care Act (2014). The only exception is Employment Support, which is a discretionary service that is commissioned to enable progression and promote independence, thereby reducing or delaying people accessing other, often more expensive, types of service or to help people move on from them. However, if a decision is made as part of the response to the Council's current financial emergency to decommission this service type then it will be suspended as a category from the Framework.
5. Each Service type has its own specification to promote outcome focused service delivery, promoting quality and effectiveness from services purchased. There are no diagnosis specific lots on the framework as the quality and management of services should be aligned to the specifications provided. This promotes market equitability and removes the sole focus of the framework being for adults with a Learning Disability.
6. Providers are required to complete a minimum two stage approval process, the first of which enquires around their business, their base in Somerset and ensuring their governance and business viability are appropriate. The second stage focuses on the business ethos and quality of service delivery with a set of questions requesting examples and evidence of good practice to be provided. This process ensures that the Council only contracts with appropriate and high quality providers and alongside the specifications provide documentation and standards of what providers have agreed and accepted to deliver and adhere by, should issues arise in future.
7. The scope of the framework is limited to the administrative boundaries of Somerset Council and does not include placements made outside of this or care commissioned using other frameworks or contractual mechanisms.

Recommendations

8. The Executive approve the recommission of the current Learning Disabilities Open Framework (to be re-named) as a revised / renewed Dynamic Purchasing System.

Reasons for recommendations

9. The council requires a purchasing system which ensures adherence to procurement law and promotes stable and effective purchasing processes for care and support across the county.
10. The current system and methods in place are working well. With the review and update of all specifications, terms and conditions and amendment to some of the

structure of the DPS, it is agreed by all that the system will continue to be the most appropriate.

11. The recommission of this DPS, does not incur any new spend or cost.
12. The revised system promotes effective market competition, value for money and assurances of service delivery from providers, through specifications and Terms and Conditions of the DPS.

Other options considered

13. No alternative options were considered. The current method and use of a Dynamic Purchasing System (DPS) is successfully working in Somerset and there is no option to do nothing and be without a procurement system in place.

Links to Council Plan and Medium-Term Financial Plan

14. The refinement, amendment and update of the existing service specifications within the framework have allowed clarification to be given to providers regarding things such as the ethos Somerset Council desires to be outcome focused, least restrictive and promoting independence including exploring community options instead of formal funded care/support. This promotes the experience for individuals receiving support but also promotes value for money for Somerset Council.
15. The effective use of a DPS promotes market competition through expressions of interest. This allows more choice for individuals and their families but also promotes quality of service and value for money for Somerset Council. Providers will need to be approved onto the framework and then compete to deliver the highest quality service whilst evidencing fair pricing and value for money. This purchasing system allows Somerset Council to ensure an upper pricing model to regulate the market and promote a diverse market of small, medium and large service providers.

Financial and Risk Implications

16. There is no new spend when considering the recommission of the framework itself as this is made on an individual basis for each person. The framework is a procurement, purchasing and contractual tool used to ensure best value for money, market competition and a choice of high quality opportunities for individuals receiving support. The framework promotes cost monitoring and review and promotes choice considering quality and price.
 - The proposed length of the framework a maximum of 10 years, comprised of an initial 5 year term and then a further opportunity to extend in stages up to 5 years (2+2+1). The expected gross spend on adults whose current services are encompassed by the existing framework during 2024/25 is £71m. This is not new spend. All new spending using the framework will be subject to a decision using the Councils process for authorising Adult Social Care packages of care.

- While the new framework would only be used to commission to new or replacement services (for example where someone’s needs change and they require a different type of care) from 01/04/2024 we would expect the maximum envelope of spend to be of sufficient size to enable it to be used for at least five years without needing to be recommissioned. For example, if we estimated a total new spend of £10m per annum the total value of a framework with a five-year lifespan would need to be £50m, plus an estimate of compound inflation during that period, in order for the framework to not need to be recommissioned earlier than anticipated.
- As part of the framework specifications, providers agree to Somerset Council using Care Cubed, a price benchmarking tool which utilises national data to ensure a fair cost of care is agreed. This promotes equity, value for money and market stability.
- There is no block element to this framework / DPS and any inflationary / annual uplifts are explored separately to the framework through the wider ASC Fees and Charges paper and decision making process.
- One of the conditions that providers will be required to agree to when registering for the recommissioned framework is the benchmarking of each care home or supported living package using the Council’s chosen benchmarking tool for care packages. This will allow any element of a package that the tool identifies as an outlier in terms of cost to be addressed with the care provider.
- The software that will be used to manage the framework has already been purchase by the Council and while the existing contributions to the licence will need to continue this does not represent a new cost

Please enter risk description					
If the Council does not have a contracting / procurement tool in place, the process would require individualised procurement activity, would risk losing market competition, sustainability, diversity and result in reduced value for money.					
Likelihood	5	Impact	4	Risk Score	20
A DPS system managed framework allows the Council to manage and oversee provider expectations. This allows for effective contract and quality monitoring alongside effective market shaping through outlining the ethos of the framework and services desired in Somerset.					

Legal Implications

17. 15. Legal Services have been approached to commence work regarding ensuring the current terms and conditions are appropriate, remain relevant and amendments made where appropriate to ensure they are effective for the duration of the contract.
18. 16. There is no contract to be awarded as the recommission is for a purchasing and contract system.
19. **HR Implications**

20. No HR implications.

Other Implications: None identified

Equalities Implications

21. The framework is an online procurement and purchasing tool, so equality impact implications are mitigated by the service specifications and terms and conditions.
22. The framework ethos and supporting specification documents highlight the importance of being outcome-focused, person-centred, promoting independence and in line with the Care Act 2014 principle, reducing and preventing the need for care and support.
23. The framework ethos and supporting documentation also promotes a significant positive impact on reducing health and social inequalities by supporting individuals to be as independent as possible, access universal services and to be part of their local community.
24. The appended Equalities Impact Assessment identifies potential negative impacts for protected groups receiving services which will be procured via this framework. The mitigating actions comprise the recommissioning process to develop and deliver the Framework in the way described, including review and revision of service specifications. These will be assessed in draft during ongoing engagement activity with individuals, carers, providers and colleagues.

Community Safety Implications

25. The framework is an online procurement and purchasing tool so there will be no direct community safety implications.
26. However, the revised service specifications have a focus on positive support providing independence focused, specialist support, supporting people to be valued and engaged with their community and work towards their life goals. This approach endeavours to provide dynamic support for the cohort of people who may present with anti-social behaviours or engage in criminal offences, resulting in reduced neighbourhood issues and crime rates.
27. The framework specifications promote and emphasise collaborative working is integral and essential for providers so all community initiatives can be included in joint working.

Climate Change and Sustainability Implications

28. 24. This Decision does not have a direct climate sustainability impact at all, as it is to commission an online procurement and purchasing tool, however the framework specification encourages providers to be aware of their carbon footprint and promotes positive action. E.g.
- Providers will be expected to take conscious actions to address things such as the miles in which staff drive promoting shared and public transport.
 - Providers are required to have a local Somerset base as part of the framework approval and therefore this promotes work opportunities and local recruitment within Somerset.
 - The framework promotes use of Somerset Council housing options which allows us to work collaboratively to forecast appropriately to ensure sustainable housing promises are met.
29. As above, the framework promotes and encourages local support and recruitment. As part of contract reviews, this can be discussed to explore how providers are running their business sustainably.
30. There is no direct impact on local planning and development as this decision is for procurement tool, however the nature of the framework promotes exploring local options including housing so collaborative working with colleagues within Somerset Council will be paramount to support the people with care needs this framework is utilised for.

Health and Safety Implications

31. As the recommission decision is for a Dynamic Purchasing System which is an online tool, there are no risks to health and safety associated.

Health and Wellbeing Implications

32. The recommission of a DPS framework has a significant positive impact on health and wellbeing as it promotes effective and appropriate sourcing and contracting of care and support services. The framework encourages choice and multiple 'expressions of interest' from providers to promote highest quality services are contracted for individuals.
33. The framework will have a significant positive impact on preventing ill-health (physical and mental health). The framework ethos and supporting specification documents highlight the importance of being outcome-focused, promoting independence and in line with the Care Act 2014 principle, reducing and preventing the need for care and support.
34. The framework ethos and supporting documentation promotes a significant positive impact on reducing health and social inequalities by supporting individuals

to be as independent as possible, access universal services and to be part of their local community.

35. The positive impacts stated above will be most effective for certain population groups including (but not limited to); adults with a learning disability, adults with mental ill-health, adults with autism, adults with an acquired brain injury, adults with physical disabilities and adults with profound and multiple learning disabilities.

Social Value

36. A DPS which promotes market competition and quality promotes a developing employment infrastructure and promotes highly skilled and trained staff providing services to the cohort of people in which this framework is designed for.
37. The ethos of the framework specifications is focused on improving health and wellbeing, maintaining independence and reducing inequalities of local residents and employees.
38. The framework ethos and revised structure creates, promotes and supports opportunities for small and medium enterprises to be part of supply chains which support Somerset Council priorities and service delivery. Frameworks can be laborious and difficult to manage for smaller organisations without dedicated teams focusing on them. We have revised processes to encourage and support smaller providers activity and opportunities on the framework.
39. Providers as part of their business sustainability are encouraged to consider and reduce air pollution, particularly in urban areas, when and how staff are travelling around the county.
40. A DPS promotes supplier diversity, market competition and therefore drives up quality.

Scrutiny comments / recommendations:

41. The Chair of the Scrutiny Committee is being consulted on this paper and this section will be updated with their response.
42. In The Chair of the Scrutiny Committee's absence, this paper was sent directly to Cllr David Fothergill for consultation, who signed off the paper to go to Executive Decision.

Background

43. SC currently commissions care through a framework DPS, the "Learning Disabilities Open Framework", operating through a Dynamic Purchasing System which covers the existing 'lots'. This system is working well but requires updating, and amendment throughout the process for providers and SC, as well as expansion to

cover people who do not have a learning disability but would benefit from the commissioning approach used by the framework, in order to futureproof the method in which SC commissions care.

44. The current framework is named the Learning Disability Open Framework although it operates services which support people across cohorts including but not limited to; mental health, dementia day service, profound and multiple learning disabilities, physical disabilities, acquired brain injury and Autism. Therefore, a new name and a focus to move away from diagnosis only services, towards outcome / care delivery, is considered proactive for development and allows provisions such as supported living schemes to be more freely utilised and reduce vacant / untenanted services.
45. The questions and requirements for providers to sign up to the framework require updating to strengthen the emphasis on the quality, individual's choice, provider registration and specialism requirements, and the overall Somerset direction of care commissioning. This will also enable the Council's Adult Social Care quality and contracts team to have updated terms and conditions to support their work, be able obligations within the framework, for example in relation to notice periods where a provider wishes to give notice for convenience.
46. The recommission of this framework will allow an opportunity for SC to truly co-produce and involve experts through experience in the design and structure of the service design including quality standards and aims. The review of documentation, process and procedure allows a great opportunity for true co-production.
47. Services will need to be:
 - Outcome focused, and enhance what the Individual, their carer and family can do for themselves, and will promote independence.
 - Need and outcome led, moving away from solely diagnosis focused support services / provisions
 - Understanding of the framework service area they are offering support in, and the quality and governance expectations outlined in the specification for each service area.
48. The Assessment will help people to understand their strengths and capabilities within the context of their situation, the support available to them in the community and through other networks and services as well as exploring some of the ways that the Local Authority may be able to help (such as through prevention services or signposting).
49. The Local Authority role is seen as critical and under section 5 of the Care Act, the duty to shape and maintain an efficient and effective market of services for meeting care and support needs in the local area is firmly placed with Somerset Council. A commissioning and procurement framework promotes choice, value for money, healthy market competition and drives up quality of provider services.




Background Papers

Assurance checklist

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	24/11/23
Communications	Peter Elliott	28/11/2023
Finance & Procurement	Nicola Hix	28/11/2023
Workforce	Alyn Jones	28/11/2023
Asset Management	Oliver Woodhams	24/11/23
Executive Director / Senior Manager	Mel Lock	27/11/2023
Strategy & Performance	Alyn Jones	28/11/2023
Executive Lead Member	Dean Ruddle	24/11/2023
Consulted:	Councillor Name	
Local Division Members	Fran Smith	24/11/2023
Opposition Spokesperson	Sue Osborne	27/11/2023
Scrutiny Chair	Gill Slocombe (in Cllr Slocombe's absence, sent to Cllr David Fothergill and signed off)	28/11/2023

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or
www.somerset.gov.uk/impactassessment

Organisation prepared for (mark as appropriate)	 Somerset Council	x	 NHS Somerset	 NHS Somerset NHS Foundation Trust
Version	2	Date Completed	02/11/23	
Description of what is being impact assessed				
<p>The ‘Learning Disabilities Open Framework’ is a dynamic purchasing system used to procure services for adults with Learning Disabilities. It has been in place since 2015 and has over 200 providers registered. A re-commissioning exercise is to be undertaken to give an opportunity to improve the quality, effectiveness and robustness of the care and support services that are commissioned using it in order to ensure they are fit for the future. The Local Authority role is seen as critical and under section 5 of the Care Act, the duty to shape and maintain an efficient and effective market of services for meeting care and support needs in the local area is firmly placed with Somerset Council.</p>				
Evidence				
<p>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</p>				
<p>The independent regulator, the Care Quality Commission (CQC), produces an annual assessment of health care and adult social care. The latest national report, published in November 2022, highlighted several trends including recognition that, “<i>Inequalities pervade and persist across large parts of health and social care. It is vital that everyone, inclusively, has good quality care, and equal access, experience and outcomes from health and social care services.</i>” Somerset Council want people with a learning disability, autism, or both, to have the same</p>				

opportunities as anyone else to live healthy, satisfying, and valued lives. Council's aspiration is that people will be supported to progress and gain new skills, with a focus on their individual outcomes, avoiding overly paternalistic approaches. Our view is that residential care services are not the best option for young people transitioning to adult services, and that they should instead be supported to remain as close to their families and communities as possible. Where residential care is considered, this should be within, or as close to, Somerset as possible. Home care, day opportunities and supported living for people with learning disabilities is commissioned using the Learning Disabilities Open Framework. The Framework is in the process of being recommissioned with the new arrangements commencing in April 2024. It is the Council's intention that the new framework will be the procurement approach that is used to commission bespoke support for anyone who needs, it and will therefore not be limited only to people with learning disabilities.

Providers have a responsibility to ensure that services are accessible to all and are designed to meet the needs of the local population. Ethnicity must be considered through the protected characteristic of race. Levels of ethnicity are hard to measure due to ethnicity not being a single measure but a composite measure of many different factors that make up an individual or community. Also, the proportions of different ethnic groups in an area can change quickly. The most reliable estimates for ethnicity within Somerset are the 2021 census figures, revealing that the vast majority of the resident Somerset population is White with only 3.6% from all other ethnic groups combined. 8.7% of the Somerset population were from an ethnic group other than White: British. NHS England South West observe that, "*Two decades of literature has acknowledged that the intersection of ethnicity and disability, two marginalised identities in society, results in compounded discrimination. Discrimination exacerbates inequalities in relation to health outcomes and healthcare among people from these groups.*" [We deserve better: Ethnic minorities with a learning disability and access to healthcare –summary of findings' 2023 NHS Race and Health Observatory & UCLA]

The population of Somerset is both rising and ageing and has the potential for significantly increased demand for health and care services with a decreasing working age population. While an ageing population is presenting challenges globally, there are a number of local factors that are likely to have a disproportional impact in Somerset. There are other particular age considerations within the scope of this Framework, such as people with learning disabilities or mental ill health living longer and the resultant need for specific provision such as dementia support tailored to their needs.

Census 2021 data informs us that more than 100,000 Somerset residents have their day-to-day activities limited to some extent due to disability or a long-term health condition. This represents 18.7% of Somerset residents, or nearly one in five. These individuals would meet the definition of being disabled under the Equality Act. A further 45,000 Somerset residents (7.9% of all residents) have a long-term health condition which does not limit their day-to-day activities. There were around 50,000 Somerset residents who were providing unpaid care to a friend or relative at the time of the 2021 census. Of those, 26,000 – or 30% - provide more than 50 hours of care each week, although it is reasonably assumed that this is an underestimate due to a decrease in self-reporting following the Covid pandemic.

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

The recommissioning process includes engagement activity which will involve consultation with internal colleagues and providers. The Framework is a Dynamic Purchasing System which is not accessed directly by service users or carers, so their consultation on the process/'back office' elements is neither necessary nor appropriate. However, the recommissioning process includes a complete review of service specifications which providers joining the Framework will be required to operate in accordance with. The 'quality' elements of these specifications (e.g., '*individuals will be treated with respect*') will be presented for individuals in a Charter format. There will be consultation on the contents and use of this by the people who will be receiving services and their carers/families, known and acknowledged as '*experts by experience*'. Any possible impacts on protected groups identified through all consultation activity, will be considered by the Recommissioning Board, in order to plan to remove or mitigate the impact.

At the time of this report, a total of 26 individuals have been engaged (comprised of 18 people who use services and 8 support workers/carers). Taking the approach of inviting people to talk about their experiences of care or support, has enabled us to verify that the quality aspects of the service specifications reflect what is important to them. A recurring theme from all the engagement activity to date has been the importance of providers getting to know the people they support or care for. The experts by experience have all expressed that a failure to do this would negatively impact on them, due to their respective disabilities requiring them to be treated according to their needs, recognising different communication preferences and their strengths as well as support or care requirements. Focussing on communication, needs and strengths, being respectful and really getting to know the people they care for/support, requires providers to take a diversity approach, treating people according to their needs. As such, this is equally applicable to all protected groups and not only disability. The people we have engaged with recognised the quality elements shared with them as reflecting this, which in turn endorses our approach to mitigating possible impact on protected groups.

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"> The specification will reflect and respond to the full range of needs of people irrelevant of age. Providers will need to ensure that individual outcomes are meet in a variety of ways. 	□	□	☒
Disability	<ul style="list-style-type: none"> The services covered by the framework currently supports a large number of people with a range of disabilities, primarily learning disabilities. The ethos will continue to be to support people to remain/become as independent as possible. The specification will therefore require the provider to reflect and respond to the full range of needs of people with disabilities, based on supporting people to remain as independent as possible within their own home. 	□	□	☒
Gender reassignment	<ul style="list-style-type: none"> No impacts identified. The service specification will require the service provider to conduct its business in accordance with the principles of the care and support being focussed on enabling people to live independently, to stay healthy and make the most of their lives by managing their lives in the way they choose and to not discriminate 	□	☒	□

Marriage and civil partnership	<ul style="list-style-type: none"> • There are occasionally restrictions within certain services (e.g., due to tenancy/licence stipulations) which impact on married couples or those in Civil Partnerships, by precluding them from living together. The Framework being recommissioned is a procurement tool to look at the whole market and therefore enables different options to be explored to support people with a trusted provider. • The service specification will require the service provider to conduct its business in accordance with the principles of the care and support being focussed on enabling people to live independently, to stay healthy and make the most of their lives by managing their lives in the way they choose and to not discriminate. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<ul style="list-style-type: none"> • There are occasionally restrictions within certain services (e.g., due to tenancy/licence stipulations) which impact on pregnant women or parents, by precluding shared living opportunities. The Framework being recommissioned is a procurement tool to look at the whole market and therefore enables different options to be explored to support people with a trusted provider. • The service specification will require the service provider to conduct its business in accordance with the principles of the care and support being focussed on enabling people to live independently, to stay healthy and make the most of their lives by managing their lives in the way they choose and to not discriminate. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race and ethnicity	<ul style="list-style-type: none"> • People from different backgrounds and of a different race may need to have information and support provided in a range of formats. The service specification will therefore include a requirement for the provider to ensure that the information about the service will need to be made available in a variety of formats to suit individual needs. Also, attention will be given to how care and support is delivered in order to achieve the outcomes agreed by the individual and tailored to suit their individual needs. 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Religion or belief	<ul style="list-style-type: none"> The Framework being recommissioned is a procurement tool to look at the whole market and therefore enables different options to be explored to support people with a trusted provider. This provides the opportunity to meet needs pertaining to religion or belief such as being near a place of worship or residing/accessing services in a particular locality People with different religions or beliefs may need to receive information in a variety of formats. The service specification will therefore include a requirement for the provider to ensure that the information about the service will need to be made available in a variety of formats to suit individual needs. Also, attention will be given to how care and support is delivered in order to achieve the outcomes agreed by the individual and tailored to suit their individual needs. 	□	□	☒
Sex	<ul style="list-style-type: none"> No impacts identified. The procurement of services is solely focused on a person's needs, outcomes and preference / choice and supporting service specifications support this, regardless of a person's sex. The service specification will require the service provider to conduct its business in accordance with the principles of the care and support being focussed on enabling people to live independently, to stay healthy and make the most of their lives by managing their lives in the way they choose and to not discriminate. 	□	☒	□
Sexual orientation	<ul style="list-style-type: none"> The procurement of services is solely focused on a person's needs, outcomes and preference / choice and supporting service specifications support this, regardless of a person's sexual orientation. The service specification will require the service provider to conduct its business in accordance with the principles of the care and support being focussed on enabling people to live independently, to stay healthy and make the most of their lives by managing their lives in the way they choose and to not discriminate. 	□	☒	□

<p>Armed Forces (including serving personnel, families and veterans)</p>	<ul style="list-style-type: none"> The service is open to all people who have been assessed as having a care need via an Adult Social Care Assessment. Although those on low incomes are more likely to receive help than those on higher incomes, the gap between the need for help and receipt of help is widest for those on low incomes. Somerset has both areas of deprivation and of affluence. Social care offerings may need to be adjusted to ensure that those in low-income areas are getting the support they need. The approach to the re-commissioning of the Framework includes the removal of diagnosis only and to be led by needs and outcomes. Within the service specification the provider will be required to ensure that people will have the best possible quality of life, including life with other family members supported in a caring role. 	□	⊗	□
<p>Other, e.g. carers, low income, rurality/isolation, etc.</p>	<ul style="list-style-type: none"> The service is open to all people who have been assessed as having a care need via an Adult Social Care Assessment. Although those on low incomes are more likely to receive help than those on higher incomes, the gap between the need for help and receipt of help is widest for those on low incomes. Somerset has both areas of deprivation and of affluence. Social care offerings may need to be adjusted to ensure that those in low-income areas are getting the support they need. The approach to the re-commissioning of the Framework includes the removal of diagnosis only and to be led by needs and outcomes. Within the service specification the provider will be required to ensure that people will have the best possible quality of life, including life with other family members supported in a caring role. 	□	□	⊗
<p>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.</p>				
<p>Action taken/to be taken</p>	<p>Date</p>	<p>Person responsible</p>	<p>How will it be monitored?</p>	<p>Action complete</p>
<p>The Framework being recommissioned is a procurement tool to look at the whole market and therefore enables different options</p>	<p>01/04/2024</p>	<p>GB</p>	<p>The recommissioning process will develop and deliver the</p>	<p style="text-align: center;">□</p>

to be explored to support people with a trusted provider. The approach to the re-commissioning of the Framework includes the removal of diagnosis only and to be led by needs and outcomes. This provides the opportunity to meet a diverse range of needs.			Framework in the way described.	
Service Specification to ensure that information and support is provided in a range of format to suit needs, irrelevant of age, ethnicity or race and ensuring that there is attention to the diversity of the individual and with sensitivity to cultural issues.	01/04/2024	GB	The recommissioning process will develop and deliver the Framework in the way described, including review and revision of service specifications which will be assessed in draft during ongoing engagement activity with individuals, carers, providers and colleagues.	<input type="checkbox"/>
Service Specification to ensure all necessary information on the service is available in different languages and will support people with learning disabilities or with speech, language and other communication needs.	01/04/2024	GB	The recommissioning process will develop and deliver the Framework in the way described, including review and revision of service specifications which will be assessed in draft during ongoing engagement activity with individuals, carers, providers and colleagues.	<input type="checkbox"/>
The Service Specification must focus on enabling people to be live the life they choose and feel supported to do so.	01/04/2024	GB	The recommissioning process will develop and deliver the Framework in the way described, including review and revision of service specifications which will be assessed in draft during ongoing engagement activity with individuals, carers, providers and colleagues.	<input type="checkbox"/>

<p>The service specification and reporting requirements will include specific information to ensure that the provider does not discriminate against anyone regarding the choices they make about how to live their lives.</p>	01/04/2024	GB	<p>The recommissioning process will develop and deliver the Framework in the way described, including review and revision of service specifications which will be assessed in draft during ongoing engagement activity with individuals, carers, providers and colleagues.</p>	<input type="checkbox"/>
<p>The Service specification must include flexibility of when support is provided that is tailored to meet individual needs.</p>	01/04/2024	GB	<p>The recommissioning process will develop and deliver the Framework in the way described, including review and revision of service specifications which will be assessed in draft during ongoing engagement activity with individuals, carers, providers and colleagues.</p>	<input type="checkbox"/>
<p>Providers will be required to be registered with appropriate bodies (e.g., CQC, Ofsted) as appropriate to the type of care or support being provided.</p>	01/04/2024	GB	<p>The recommissioning process will develop and deliver the Framework in the way described, including review and revision of service specifications which will be assessed in draft during ongoing engagement activity with individuals, carers, providers and colleagues.</p>	<input type="checkbox"/>
<p>All providers will be required to undertake diversity and equality training as a minimum.</p>	01/04/2024	GB	<p>The recommissioning process will develop and deliver the Framework in the way described, including review and revision of service specifications</p>	<input type="checkbox"/>

			which will be assessed in draft during ongoing engagement activity with individuals, carers, providers and colleagues.	
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If negative impacts remain, please provide an explanation below.

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Completed by:	George Bray
Date	16/11/2023
Signed off by:	Paul Coles
Date	20/11/2023
Equality Lead sign off name:	Tom Rutland
Equality Lead sign off date:	24/11/2023
To be reviewed by: (officer name)	
Review date:	

Decision Report - Executive Decision

Forward Plan Reference: FP/23/11/08

Decision Date – 6 December 2023

Key Decision – no

Confidential Information – no



Harbour Management Advisory Committee

Executive Member(s): Leader of the Council and Lead Member for Governance and Communications

Lead Officer: David Clark, Service Director-Governance, Democratic & Legal Services

Author: Scott Wooldridge, Interim Head of Governance & Democratic Services and Steven Hellard, Legal Services Manager

Contact Details: scott.wooldridge@somerset.gov.uk or steven.hellard@somerset.gov.uk

Summary / Background

- 1.1 As Members will be aware, Somerset Council has Ports and Harbours within its areas of responsibility. The Council is the Statutory Harbour Authority and Competent Harbour Authority for the Port of Bridgwater (does not include Bridgwater Docks), the Statutory Harbour Authority for Minehead and Watchet Harbours, and has statutory responsibility for Bridgwater Docks.
- 1.2 The operation of ports and harbours is governed by both national and local legislation which sets out duties and powers that the respective Statutory Harbour Authorities must fulfil. In addition, there are codes of practice and guidance documents such as the Port Marine Safety Code and the PMSC Guide to Good Practice, Ports Good Governance Guidance, Safety in Docks (ACOP) that cover issues such as governance and safety.
- 1.3 The PMSC requires that all organisations must also have a “Duty Holder” who is accountable for compliance with the Code and their performance in ensuring safe marine operations.
- 1.4 The Harbour Function is a local choice function under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. This means that it can sit with Full Council, the Executive or be split between the two. The Full Council previously resolved that the responsibility for the Council’s functions as Statutory Harbour Authority and the role of Duty Holder should sit with the Executive.
- 1.5 The Duty Holder is responsible for ensuring that the organisation complies with the Port Marine Safety Code (“PMSC”). The PMSC sets out a national standard for marine safety at ports and harbours. It applies to ports, harbours, and other marine facilities, berths and terminals. The PMSC is best practice guidance rather than “law”. However, ports and harbours are expected to comply and failure to do so can lead to prosecution (for example, under section 3 Health and Safety at Work Act 1974). In order to effectively undertake this role they should:

- be aware of the organisations powers and duties related to marine safety;
- ensure that a suitable Marine Safety Management System is in place;
- appoint a suitable Designated Person (the person who provides audits and monitors compliance and provides independent assurance that the MSMS is being effective in ensuring compliance with the PMSC);
- appoint competent people to manage marine safety;
- be responsible for publication of a marine safety plan and reporting of performance against objectives and targets set; and
- report compliance with the Code to the MCA every 3 years.

1.6 Many municipal ports have established Harbour Management Committees as detailed in the DfT Ports Good Governance Guidance as a means to govern the operation of the port. On 15th March 2023 the Executive resolved to establish a Harbour Management Advisory Committee as an Executive Sub-Committee from 1st April 2023 on the terms of reference set out in Appendix 1.

1.7 In order to widen the membership, experience and expertise of the Harbour Management Advisory Committee, this report recommends that the Harbour Management Advisory Committee is established as a Council committee (rather than an Executive sub-committee) with membership drawn from the Full Council and external co-opted members with relevant expertise in order to increase governance and scrutiny in relation to that important function.

Recommendations

2.1 The Executive agrees:

- a. That the Harbour Management Advisory Sub-Committee is disbanded with immediate effect;
- b. The terms of the Memorandum of Understanding between the Executive and the Harbour Management Advisory Committee attached as Appendix 2;

c. To recommend to Full Council :

(i) that a Harbour Management Advisory Committee is established as an advisory committee to the Executive under s102(4) of the Local Government Act 1972;

(ii) approval of the Terms of Reference of the Harbour Management Advisory Committee attached at Appendix 1;

(ii) approval of the terms of the Memorandum of Understanding between the Executive and the Harbour Management Advisory Committee attached as Appendix 2;

(iii) the appointment of 6 elected members, as nominated by relevant political group leaders, to the Harbour Management Advisory Committee in accordance with the political balance requirements in section 15 of the Local Government and Housing Act 1989.

(iv) delegated authority be granted to the Service Director Regulatory and Operational in consultation with the Service Director Governance, Democratic & Legal Services to conduct a skills audit for the Harbour Management Advisory Committee and to conduct the process for the recruitment of appropriately skilled co-opted members to the Committee and make recommendations to Full Council for appointment of the co-opted members

Reasons for recommendations

- 3.1 The establishment of a Harbour Management Advisory Committee as an Executive Sub-Committee limits the membership from Somerset Council to the Sub-Committee to only members of the Executive. The recommendations propose the formation of a committee of the council which would enable broader membership and locally elected members to be part of the Harbour Management Advisory Committee.
- 3.2 S102(4) of the Local Government Act 1972 expressly allows the Council to appoint a committee to advise the Executive as Duty Holder and allows the committee to consist of both members of the Council and co-opted members. The Harbour Management Advisory Committee would remain purely 'advisory' in nature. So although it can continue to have external co-opted members on it, the Harbour Management Advisory Committee itself would still only be able to make 'recommendations' to the Executive. The Executive would remain as the Duty Holder under the PMSC which makes it clear that the Duty Holder cannot assign or delegate its accountability for compliance with the Code and as Duty Holder the Executive is the body with ultimate responsibility in relation to the Ports and responsibility to make financial decisions about their operation.
- 3.3 Establishing the Harbour Advisory Committee as a Council committee with both members of the Council and external co-opted members therefore strengthens governance by widening the pool for membership of the committee and allowing members of the wider Council and external appointees who are stakeholder representatives or individuals with valuable skills and experiences to participate in advising the Executive as Duty Holder, and in doing so achieving the balance of skills required to effectively govern the ports.
- 3.4 The Ports Good Governance Guidance recommends:

"Harbour Management Committees should ideally comprise:

- *approximately 50% LA elected members of a constituent authority. These do not all have to be LA councillors, but can be co-opted representatives who are appointed by the LA or provide specific skills in support of port management;*
- *the port chief executive/harbour master should have access to the HMC in an advisory role, but as an officer of the Council they cannot serve on the committee or have voting rights;*

- *external appointees who are stakeholder representatives or individuals with valuable skills and experiences;*
- *a Chair appointed on merit, skills and suitability;*
- *external members should be appointed by public advertisement using the guidance applicable to public appointments, in line with the advice given above.*

The Harbour Management Committee Chair should ideally be an elected representative of the LA as this will automatically maintain reporting lines and accountability to the Council. Should the LA favour the appointment of an independent Chair, it is important that reporting lines and voting arrangements are clear and in line with LA corporate governance practice. Before recruiting, local authorities should undertake a skills audit to assess the balance of skills required to effectively govern the port and deliver against the business plan.

These skills should be considered for all committee members. In order for the Harbour Management Committee to operate effectively a formal memorandum of understanding could be established between the harbour committee and the local authority. The memorandum of understanding could set out the recommended ground rules for a framework between the port and its authority.”

In line with the Ports Good Governance Guidance, if Members support the recommendations in this report, two documents will therefore be required to articulate the governance arrangements for the Harbour Management Advisory Committee. The first being Terms of Reference to set out the purpose of the Harbour Management Advisory Committee for incorporation into the Council’ constitution. The second is a Memorandum of Understanding setting out the commitments and agreements of the Executive and the Harbour Management Advisory Committee, whether the Committee is advisory or decision-making and the running and management of the Harbours. Draft Terms of Reference for the Committee and a draft Memorandum of Understanding are therefore attached at Appendices 1 and 2 respectively for consideration.

Other options considered

4. Making no change to the existing arrangement and continuing to operate with an Executive Sub-Committee has been considered as an option. However, it is considered that widening the membership to the wider Council and external co-optees who are stakeholder representatives or individuals with valuable skills and experiences to participate in advising the Executive as Duty Holder, will increase participation and achieve the balance of skills required to effectively govern the ports, thereby increasing scrutiny and improving governance.

Links to Council Plan and Medium-Term Financial Plan

5. The recommendations in this report will allow for the port services to be run in an efficient and safe manner that is consistent with best practice guidance to deliver a single service for Somerset residents, and meets the Council core principles including being a listening, empowering council, a council with evidence based and open decision making and a collaborative council.

Financial and Risk Implications

- 6.1 The direct financial implications arising from recommendations in this report result from a moderate increase in travel expenses for attending meetings of the proposed new committee, membership of which is slightly larger than the existing Executive Sub-Committee. These costs will be met from the Members Expenses budget. The Independent Remuneration Panel will need to consider whether to recommend to the Council that the Chair of the new committee should receive a Special Responsibility Allowance as part of the Scheme of Members' Allowances.
- 6.2 There are risks to the authority if the recommendations are not implemented. It could mean that regulatory bodies and port users would not have confidence that the port is being governed and run effectively and in accordance with best practice. Additionally should there be an accident or incident and it was shown the Council was not compliant with the PMSC then it could lead to further issues in relation to health and safety legislation. By implementing the recommendations of this report, the risks identified above should be managed effectively.

Predicted risk score without implementing recommendations					
Likelihood	2	Impact	2	Risk Score	4

Predicted risk score implementing recommendations					
Likelihood	1	Impact	1	Risk Score	2

Legal Implications

- 7.1 Section 102(4) of the Local Government Act 1972 allows the Council to appoint a committee to advise the Executive on any matter relating to the discharge of their functions. Section 102(4)(a) provides that such a committee may consist of such persons (whether members of the appointing authority or not) appointed for such term as may be determined by the appointing authority. The recommendation to Full Council to

establish an advisory committee to advise the Executive is therefore in accordance with the Act.

- 7.2 As the Council previously resolved that the responsibility for the Council's functions as Statutory Harbour Authority and the role of Duty Holder should sit with the Executive, the Committee would be entirely advisory. The Executive would remain the Duty Holder under the Port Marine Safety Code which makes it clear that the Duty Holder cannot assign or delegate its accountability for compliance with the Code. All decisions would therefore need to be taken by Executive or in accordance with the other arrangements permitted in section 9E of the Local Government Act 2000.
- 7.3 The Council member appointees will need to accord with the political balance requirements in section 15 of the Local Government and Housing Act 1989.

HR Implications

- 8.1 There are no HR implications arising from this report.

Other Implications:

Equalities Implications

- 9.1 The proposed new Harbour Management Advisory Committee will be administered by Democratic Services, with all meetings being arranged and administered by Democratic Services under their established policies/procedures which have had equalities impacts assessed. Equalities impacts will therefore be addressed through these existing processes.
- 9.2 The process for the recruitment and appointment of co-opted members of the Committee will comply with equalities duties and legislation.

Community Safety Implications

- 10.1 This report relates solely to governance of the port and harbours and therefore there are no Community Safety Implications arising.

Climate Change and Sustainability Implications

- 11.1 This report relates solely to governance of the port and harbours and therefore there are no Climate Change and Sustainability Implications arising.

Health and Safety Implications

12.1 If implemented, the recommendations in this report would reduce the risk of noncompliance with health and safety legislation by ensuring that port operation and safety is given appropriate oversight and scrutiny.

Health and Wellbeing Implications

13.1. This report relates to governance of the port and harbours and therefore there are no Health and wellbeing implications arising.

Social Value

14.1 This report relates solely to governance of the port and harbours and therefore there are no social value implications arising.

Scrutiny comments / recommendations:

15.1 The recommendations in this report have not been considered by a scrutiny committee.

Background Papers

16.1 None

Appendices

- Draft Terms of Reference
- Draft Memorandum of Understanding

Assurance checklist (if appropriate)

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	21/11/23
Communications	Peter Elliott	27/11/23
Finance & Procurement	Nicola Hix	27/11/23
Workforce	Alyn Jones	27/11/23
Asset Management	Oliver Woodhams	27/11/23
Executive Director / Senior Manager	David Clark	21/11/23
Strategy & Performance	Alyn Jones	27/11/23
Executive Lead Member	Cllr Bill Revans	27/11/23
Consulted:	Councillor Name	
Local Division Members	f	
Opposition Spokesperson	Cllr David Fothergill	13/11/23
Scrutiny Chair	Cllr Martin Dimery	13/11/23

Appendix 11.1 Harbour Management Advisory Committee

Membership and meeting arrangements

1. The Harbours Management Advisory Committee shall be primarily responsible for advising the Executive in exercising the Council's functions as a harbour authority as defined in the Harbours Act 1964 and any other functions arising under any local Act and/or byelaw in respect of the operational issues in relation to harbour land of any harbours within the area of the Council not dealt with through any other mechanism.

2. The Harbours Management Advisory Committee shall have the power to advise the Executive in determining income and expenditure matters relating to the harbours for which it is responsible.

3. The Committee will be made up of 6 members drawn from the Council and four non-elected members will be co-opted onto the Committee following an appointment process to assess the skills and expertise they can bring to the Committee.

4. The co-opted members will be recommended to Council for appointment and their appointment is subject to ratification by Council. Co-opted members will serve the Committee in accordance with the following arrangements:

Co-opted Membership for the first term of the Committee shall be as follows:
 - 1 Co-opted Member will sit for only 1 year
 - 2 Co-opted Members will sit for only 2 years
 - 1 Co-opted Member will sit for a full term of 3 years

5. Co-opted Members who sit for only one or two years in the first term may be appointed for one or two subsequent three-year terms without further competition being required.
6. A Co-opted Member may be appointed to a second three-year term without recourse to open competition, subject to the agreement of both the Chair and the Co-opted Member, and the Committee's assessment that the Member has performed satisfactorily during the first term (all Membership of the Committee is subject to ratification by the Council).
7. The quorum will be 5 members save that at no time shall there be less than 4 Council Members present at the meeting.
8. The Chair and Vice Chair will be Council Members.
9. The Committee shall meet at least 4 times a year and be governed by the Council Procedure Rules.
10. All members of the Committee shall abide by the Council's Code of Conduct.
11. The Committee will report annually to the Executive.

Functions

1. Any function of the Council as Harbour or Port Authority is an Executive Responsibility
2. The Committee shall be primarily responsible for advising the Executive in exercising the functions of the Council as Harbour or Port Authority in accordance with the provisions of the Harbours Act 1964 and the Harbour Docks and Piers Clauses Act 1847 (as

incorporated), as amended from time to time (the 'Harbour Legislation').

3. The Committee shall not incur any expenditure, enter into any obligations or take any other action except:

(i) within the budget determined by the Council in accordance with the following provisions; and

(ii) as set out in the harbour business plan approved by the Executive in accordance with the following provisions (the 'Harbour Business Plan')

4. The Committee is an advisory committee and makes recommendations to the Executive where there are any decisions required regarding the management, acquisition and disposal of assets in accordance with the Council's acquisitions and disposals policies, financial procedure rules and contracts procedures rules.

5. When making recommendations to the Executive, the Committee shall ensure its recommendations:

(i) accord with the provisions of the Harbour Legislation and Council's plans, policies and strategies and in particular the Harbour Business Plan;

and

(ii) Have been developed following 21 days' prior notice given to the Council's Chief Finance Officer.

6. The Committee will review and then recommend an annual budget, (including rental charges and central re-charges to the Council) and an annual schedule of charges and dues for the Harbours and these will be determined by the Executive.

7. The Committee will monitor performance against approved budgets and take appropriate action where this is required.

8. The Committee will make an annual report to the Executive reporting on performance against budget.

9. The Committee will publish a Harbour Business Plan and any other plan required from time to time following approval from the Executive.

10. The Harbour Business Plan and other plans should promote the Harbours to be financially self-sustainable in the long term, reducing the risk of the need to call upon the Council's General Fund

DATED: _____

MEMORANDUM OF UNDERSTANDING

DRAFT

between

Somerset Council (Executive)

and the

Harbour Management Advisory Committee

in respect of the statutory harbour undertakings at
the Port of Bridgwater, Bridgwater Docks, Minehead Harbour and Watchet Harbour

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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made on the [] day of [] 2023 between:

- (1) **The Executive** of Somerset Council whose principal place of business is [insert], hereinafter referred to as **'the Executive'**,

and

- (2) **The Harbour Management Advisory Committee**, as an advisory committee of Somerset Council, whose principal place of business is [insert], hereinafter referred to as the **'HMAC'**,

who are jointly referred to in this Memorandum of Understanding as **'the Parties'** and each a **'Party'**.

WHEREAS:

- (1) On 01 April 2023, the Somerset (Structural Changes) Order 2022 (S.I. 2022/329):

- (a) wound up and dissolved the local government areas of Somerset, including the Sedgemoor District Council and the Somerset West and Taunton Council areas; and
- (b) transferred the statutory harbour undertakings of Sedgemoor District Council and Somerset West and Taunton Council to the Somerset Council (**'the Council'**) as the unitary and principal authority for Somerset,

and thereafter the Council became the statutory harbour authority for the Port of Bridgwater, Bridgwater Docks, Minehead Harbour and Watchet Harbour.

AND WHEREAS:

- (2) The Council operates a Leader and Executive model of governance arrangements and has agreed that the Executive should exercise the Council's Harbour Functions as statutory harbour authority insofar as such functions were not already Executive Functions within the meaning of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.
- (3) The HMAC is a committee of the Council and is advisory in nature; the HMAC has been established to assist with improvement of the governance of the harbour undertakings having regard to the recommendations for governance changes made in the PGGG.

AND WHEREAS:

- (4) The Parties wish to set out their commitment to implementing the recommendations of the PGGG relevant to the establishment of the HMAC, including form and composition.

1. DEFINITIONS AND ABBREVIATIONS

For the purposes of this MOU, the following definitions and abbreviations shall apply:

“the 1964 Act” means the Harbours Act 1964;

“the Assets” means the property, equipment and all other matters set out in the Asset Register in **Appendix C** to this MOU;

“Co-opted Member” means an HMAc member co-opted by Council-elected Members for the purposes of Clause X of this MOU;

“the Constitution” means the constitution of the Council as amended from time to time;

“the Council” means Somerset Council;

“Council-elected Member” means an HMAc Member elected by members of the Council;

“Council Member” means a member of the Council;

“DfT” means the Department for Transport;

“Directions and Byelaws” means the special directions, general directions, and byelaws which the Council is authorised to make or has made (from time to time in force) under the local harbour legislation;

“the Executive” means the Executive of the Council;

“Harbours Business Plan” means the Harbours Business Plan for the relevant period in relation to the harbour undertakings as approved by the Executive;

“harbour charges and dues” means the charges, dues, rates, tolls and other moneys and receipts which may be taken and received by way of income from or in respect of the harbour undertakings under the authority of local harbour legislation, the 1964 Act, or the Harbours, Docks and Piers Clauses Act 1847;

“Harbour Function” means the functions described in Part A of **Appendix D** to this MOU;

“harbour revenue” shall include the charges, dues, rates, tolls and other moneys and receipts which may be taken and received by way of income from or in respect of the harbour undertakings under the authority of local harbour legislation, the 1964 Act, or the Harbours, Docks and Piers Clauses Act 1847;

“harbour undertakings” means the statutory harbour undertakings of the Council authorised by the local harbour legislation, each of which may be referred to in this MOU as a **‘harbour undertaking’**;

“the HMAc” means the harbour management committee established by the Council in relation to the harbour undertakings;

“HMAc Member” means any member of the HMAc, including both Council-elected Members and Co-opted Members;

“local harbour legislation” means the Port of Bridgwater Acts and Orders, the Bridgwater Docks Acts and Orders, the Minehead Harbour Acts and Orders, and the Watchet Harbour Acts and Orders described in **Appendix F** of this MOU;

“MOU” means Memorandum of Understanding;

“the Parties” shall mean the Executive and the HMA, each of which may be referred to in this MOU as a **‘Party’**;

“the PGGG” means the Department for Transport’s Ports Good Governance Guidance, March 2018, and any variations of that document as may from time to time be published; and

“PMSC” means the Port Marine Safety Code.

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2. PURPOSES OF THE MOU

- (1) Subject to the requirement of the Constitution, the purpose of this MOU is to:
 - (a) provide a clear framework for the decision making, accountability, and financial management of the harbour undertakings to enable the HMAc (in exercising its advisory role to the Executive) to assist the Executive in addressing the needs of the harbour undertakings as businesses and as environmental and community assets, taking full account of the commercial realities of municipal port / harbour operations; and
 - (b) assist in clarifying the role of the HMAc to carry out its functions as an advisory body to the Executive in respect of the harbour undertakings under its Terms of Reference
- (2) The statutory role and functions of the Parties are not affected by the requirements of this MOU.
- (3) This MOU is a statement of understanding between the Parties; it is not, and is not intended to be, legally binding on either Party. The detailed working arrangements may change overtime by the agreement of the Executive.
- (4) This MOU provides that the harbour undertakings will be governed in accordance with the best practice guidance provided by the PGGG.

3. THE PORTS GOOD GOVERNANCE GUIDANCE

- (1) The PGGG was published by the DfT in March 2018 following extensive consultation with the port and harbour industry. It sets out a number of recommendations for the accountability, governance, and finance of statutory harbour authorities and Part C of the PGGG relates specifically to ports and harbours within the Municipal Sector.
- (2) The PGGG is based on a number of other documents, particularly the UK Corporate Governance Code (UKCGC). It replaces that in previous documents such as Modernising Trust Ports (MTP) published by the then DETR in 2000, its second edition Modernising Trust Ports (MTP2) published by DfT in 2009, and Opportunities for Ports in Local Authority Ownership published by DfT in 2006. The PGGG also reflects the recommendations of the DfT's Trust Port Study published in May 2016.
- (3) The PGGG does not have force of law and is not legally binding. It does not replace any legal duties or obligations that statutory harbour authorities might have in their own legislation or general acts of Parliament, such as the Harbours Act 1964 or the Companies Act 2006. Where such legal duties conflict with the PGGG, the legal duties take precedence.
- (4) Whilst the guidance is advisory, the DfT expects all statutory harbour authorities to carefully consider it and to implement its principles if these are not already in place (where practical and appropriate to the circumstances of the statutory harbour authority).

- (5) It has been agreed by the Executive that this MOU is drawn up to address the recommendations contained in the PGGG. An extract from the PGGG related to the establishment of harbour management committees is set out at **Appendix A** to this MOU.
- (6) This MOU is prepared on the basis of the findings of the PGGG. However, it is recognised by the Parties that the PGGG deals with short, medium and long-term issues. It is fully appreciated that circumstances may change and for this reason a review and monitoring mechanism is essential to underpin this process.
- (7) On this basis, it is intended that a report will be put to the HMAc annually to allow the HMAc to review and monitor this MOU and recommend to the Executive any changes to it as are required by amendments to the PGGG or developments in respect of the PGGG.

4. GENERAL COMMITMENTS OF THE EXECUTIVE AND HMAc

- (1) This MOU records that the Executive and HMAc have considered the guidance of the PGGG and records the commitment of the Executive and the HMAc to implement the recommendations contained therein.
- (2) This MOU further records that Executive and HMAc shall take all reasonable steps to work together constructively to mutually facilitate the implementation of the recommendations contained in the PGGG.

5. AGREEMENTS OF THE EXECUTIVE AND HMAc

The Executive and HMAc agree that:

Reporting lines and decision making

- (1) The reporting lines relevant to an advisory committee of the Council advising the Executive pursuant to the provisions of section 102(4) of the Local Government Act 1972 and having regard to the recommendations of the PGGG will be maintained to assist the HMAc to carry out its role under its Terms of Reference.
- (2) The HMAc will be required to exercise an advisory role to the Executive in respect of the harbour undertakings.
- (3) The Executive will exercise the functions of the Council and make decisions in respect of the harbour undertakings under and in accordance with the 1964 Act, the Harbour Docks Piers and Clauses Act 1847 (as incorporated), and the local harbour legislation.
- (4) **Appendix E** to this MOU sets out the organisational structure that is to be put into place defining the reporting lines between the Parties.

Accounts

- (5) It is the intention of the Parties that the Council will keep separate accounts for the harbour undertakings with capital distinguished from revenue in accordance

[insert local provisions as to accounts] and for the Harbour Revenue to be applied in accordance with [insert local provisions as to application].

- (6) The Accounts are to include any monies in any reserve fund established under article [insert reserve fund provisions].
- (7) Companies Act accounts are to be established and maintained for ease of understanding for the HMAc, and to fulfil statutory obligations under the Harbours Act 1964.

6. AGREEMENT OF THE EXECUTIVE

The Executive agrees that:

- (1) The Assets (including land, buildings, infrastructure, plant and machinery) of the Council that are utilised for the running of the harbour undertakings as listed in **Appendix C** to this MOU form part of the harbour undertakings and that the HMAc may advise the Executive in relation to them in accordance with its Terms of Reference, the Harbour Business Plan, the Council's plans and policies and the provisions of this MOU.
- (2) An annual budget including all port or harbour rental charges and central re-charges will be recommended by the HMAc and will then be reviewed and determined by the Executive annually.
- (3) The annual harbour charges and dues for the harbour undertakings will be recommended by the HMAc at the same time as the annual budget and will be reviewed and determined by the Executive annually.
- (4) The HMAc shall not be permitted to obtain specialist services from external sources but can recommend to the Executive that they should take such action.
- (5) The Executive will ensure that its aims and objectives regarding the advice and recommendations it seeks to receive in relation to its management of the harbour undertakings are agreed and clearly set out between the Parties in policies and plans.
- (6) The Council's policies and plans for the harbour undertakings are stated by the Executive to be:
 - (c) [the Environmental Policy]; and
 - (d) [the Harbours Business Plan].
- (7) It is the intention of the Parties that these policies and plans will support the harbour undertakings as a financially self-sustainable bodies without the need to call upon the Council's general fund.
- (8) The Executive will consider for approval updated policies and plans proposed by the HMAc from time to time, and utilise the skills and experience of the HMAc to its best advantage.

- (9) Borrowing facilities may be recommended to the Executive by the HMAc to fund revenue generating projects in the harbour undertakings if the HMAc can demonstrate that such borrowing facilities are consistent with the Council's policies and plans and the local harbour legislation.
- (10) The Executive will make payments to HMAc Members in accordance with the Council's [Members' Allowances Scheme] set out in [Chapter X of the Constitution].

7. AGREEMENT OF THE HMAc

The HMAc agrees that:

- (1) The HMAc is a committee of the Council constituted by virtue of section 102(4) of the Local Government Act 1972 and is therefore an advisory body and can only make recommendations to the Executive in respect of the management of the harbour undertakings.
- (2) In accordance with the PMSC, the Executive as duty holder cannot delegate its accountability for compliance with the PMSC to the HMAc.
- (3) In advising and making recommendations to the Executive, the HMAc will ensure to address the needs of the harbour undertakings as businesses and as environmental and community assets, which takes full account of the commercial realities of port and harbour operations.
- (4) The HMAc shall make recommendations to the Executive regarding the management, acquisition and disposal of Assets.
- (5) Recommendations made to the Executive in respect of the management, acquisition and disposal of assets must be made in accordance with the Council's acquisitions and disposals policy, financial procedure rules and contracts procedures rules.
- (6) The HMAc shall not make recommendations to the Executive on the disposal or acquisition of property assets unless the recommendation(s) accords with the provisions of the local harbour legislation and the Council's plans, policies and strategies and, in particular, the Harbours Business Plan.
- (7) The HMAc will review and then recommend an annual budget, (including rental charges and central re-charges) to the Executive, annual harbour charges and dues for the harbour undertakings, and these will be determined by the Executive.
- (8) The HMAc will monitor performance against approved budgets and recommend appropriate action to the Executive where this is required.
- (9) The HMAc will make a six monthly and annual report to the Executive reporting on performance against budget.

- (10) The HMAc will produce a Harbours Business Plan and any other plan required from time to time and recommend its contents to the Executive for publishing. The Harbours Business Plan will relate to all of the harbour undertakings, although each may be considered individually within the Harbours Business Plan.
- (11) The Harbours Business Plan and other plans should promote the harbour undertakings to be a financially self-sustainable bodies in the long term.
- (12) The HMAc will discharge its role in accordance with its Terms of Reference, the HMAc Guidance Notes contained in **Appendix D** to this MOU, this MOU and with consideration of other relevant policies and plans such as the PMSC, the PGGG, Health and Safety at Work legislation, Directions and Byelaws, and any other appropriate policies, plans and legislation.
- (13) The HMAc will provide an annual report to the Executive on how it is advising and making recommendations in relation to the harbour undertakings in a manner that is consistent with relevant policies plans and legislation.
- (14) Borrowing facilities may be recommended by the HMAc and considered by the Executive to fund revenue generating projects in the harbour undertakings where the HMAc can demonstrate that such borrowing facilities are consistent with the terms of the local harbour legislation and the Council's policies and plans including the sustainability of the Council's budget.
- (15) The HMAc will take all reasonable steps to engage appropriately with the stakeholder community. It will maintain formal links with stakeholder forum(s) as appropriate.

8. GENERAL

- (1) This MOU neither expands nor is in derogation of those powers and authorities vested in the participating Parties by applicable law.
- (2) The HMAc is neither the Designated Person nor the Duty Holder for the purposes of the PMSC.
- (3) The Duty Holder for the purposes of the PMSC is the Executive.

9. TERM OF MOU

- (1) This MOU in this form or such amended form as agreed between the Parties shall remain effective for as long as the present governance arrangements are in place.
- (2) The Parties shall review this MOU at periods of 12 months, or such earlier period as appropriate should the need arise. The Executive may agree to amend this MOU if circumstances dictate.
- (3) The MOU may be terminated by resolution of the Executive.

10. DATA PROTECTION AND INFORMATION

The Parties agree to comply with the Data Protection Act 2018, the General Data Protection Regulations, the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and other statutory information regimes.

Signed for and on behalf of the Executive of Somerset Council Signed on behalf of the HMAC

.....
Cllr [Signee name]
Leader of the Council

.....
[Signee name]
Chair of the HMAC

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APPENDIX A: PORTS GOOD GOVERNANCE GUIDANCE

Extract from the PGGG relating to Harbour Management Committees:

Harbour Management Committees

4.6 Some LAs have established Harbour Management Committees (HMACs) as a means of governing their harbours. These have some of the features of a trust port board or board of a private SHA and are a good example of how corporate governance best practice principles can be applied in the context of local authority harbours.

4.7 The establishment of a HMAC (which would be constituted as a committee within the current LA system) can bring openness and additional accountability to port decisions, along with more expertise and experience (as a skills audit will be carried out prior to board members being decided upon).

4.8 LAs may wish to consider formally establishing HMACs by legislative routes. The BPA has produced guidance for LAs that have or are planning to put in place HMACs. Key points are set out in the box below.

Key points are set out in the box below.

Harbour Management Committees

The formation and membership of the committee is critical. It should be strategic and aware of the commercial and legal framework within which ports operate. Based on particular experiences the Committee should ideally comprise:

- approximately 50% LA elected members of a constituent authority. These do not all have to be LA councillors, but can be co-opted representatives who are appointed by the LA or provide specific skills in support of port management;
- the port chief executive/harbour master should have access to the HMC in an advisory role, but as an officer of the Council they cannot serve on the committee or have voting rights;
- external appointees who are stakeholder representatives or individuals with valuable skills and experiences;
- a Chair appointed on merit, skills and suitability;
- external members should be appointed by public advertisement using the guidance applicable to public appointments, in line with the advice given above.

The HMC Chair should ideally be an elected representative of the LA as this will automatically maintain reporting lines and accountability to the Council. Should the LA favour the appointment of an independent Chair, it is important that reporting lines and voting arrangements are clear and in line with LA corporate governance practice.

Before recruiting, local authorities should undertake a skills audit to assess the balance of skills required to effectively govern the port and deliver against the business plan. These skills should be considered for all committee members.

In order for the HMC to operate effectively a formal memorandum of understanding could be established between the harbour committee and the local authority. The memorandum of understanding could set out the recommended ground rules for a framework between the port and its authority.

APPENDIX B: ACTION PLAN

This will set out any key tasks that will need to be completed as part of the more structured governance arrangements. To be completed by the Executive and then reviewed by the HMAC before the MOU is signed by both parties.

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APPENDIX C: ASSET REGISTER

(1) Port of Bridgwater Asset Register

At the date of this MOU, the Port of Bridgwater including:

- (a) Fundus and foreshore (including all leases within)
- (b) Port Office
- (c) Buoys, Beacons, Navigational Lights, Moorings and Signage
- (d) [insert]

(2) Bridgwater Docks Asset Register

At the date of this MOU, Bridgwater Docks including:

- (a) Fundus and foreshore (including all leases within)
- (b) Port Office
- (c) Buoys, Beacons, Navigational Lights, Moorings and Signage
- (d) [insert]

(3) Minehead Harbour Asset Register

At the date of this MOU, Minehead Harbour including:

- (a) Fundus and foreshore (including all leases within)
- (b) Harbour Office
- (c) Buoys, Beacons, Navigational Lights, Moorings and Signage
- (d) [insert]

(4) Watchet Harbour Asset Register

At the date of this MOU, Watchet Harbour including:

- (a) Fundus and foreshore (including all leases within)
- (b) Harbour Office
- (c) Buoys, Beacons, Navigational Lights, Moorings and Signage
- (d) [insert]

APPENDIX D: HMAC GUIDANCE NOTES

A Establishment of the HMAc

- (1) The functions of the Executive conferred under the Constitution include the functions within the definition of a “harbour authority” in section 57(1) of the Harbours Act 1964, the local harbour legislation, and the Harbours, Docks and Piers Clauses Act 1847 (as incorporated into the local harbour legislation), and any functions arising out of any Directions and Byelaws made under the legislation listed in this paragraph.
- (2) The HMAc will provide advice to the Executive in relation to the discharge of these functions within any policy and budget approved by the Council as set out in the Terms of Reference and MOU between the Executive and the HMAc.
- (3) All Meetings of the HMAc shall be conducted in accordance with the Council’s **[Procedure Rules]** as set out in the Council’s Constitution.

B Membership of the HMAc

- (1) The HMAc shall consist of **[12 HMAc Members made up of 6 Council-elected Members and 6 Co-opted Members]**. Each Co-opted Member, as far as it is achievable, will be appointed on a ‘fit-for-purpose basis’ through assessment of each nominee’s skills, knowledge, experience and commitment on matters identified from time to time by a skills audit as being the main skills requirements for the HMAc.
- (2) All HMAc Members, including any Co-opted Members, will be bound by the **[Somerset Council Code of Conduct]** as set out in the Constitution and will be required to sign the declaration of acceptance of office (contained in the **Schedule to this Appendix**) as required by law in any event within 14 days of their appointment. A Co-opted Member is under the same obligations as the Council-elected Members that appoint them, and that Co-Opted Member must observe the Constitution and most importantly comply with the statutory rules relating to conduct and the disclosure of interests.
- (3) No Co-opted Member shall act as an HMAc Member until that person has made the declaration of acceptance of office (contained in the **Schedule to this Appendix**); a Co-opted Member shall cease to be an HMAc Member if that person fails to make that declaration within three months of their appointment.
- (4) The Chair and Vice Chair of the HMAc shall be elected in accordance with the Constitution. Only Council-elected Members shall be the Chair of the HMAc.
- (5) As the Harbour Function rests with the Executive, the HMAc is constituted as a committee of the Council by virtue of section 102(4) of the Local Government Act 1972. The formation of the HMAc under this provision permits the appointment of co-opted members to an advisory committee. Council-elected Members must accord with the political representation requirements in section 15 of the Local Government and Housing Act 1989 (unless in this requirement is disapplied by the Council in accordance with section 17(1) Local Government and Housing Act 1989) and all decisions in respect of the harbour undertakings must be taken by the Executive or in accordance with the other arrangements permitted in section 9E of the Local Government Act 2000.

- (6) In the event that a HMAC Member other than a Council-elected Member does not attend any meetings of the HMAC for a period of six months from the date of their last attendance, that HMAC Member shall cease to be an HMAC Member, unless within the period of absence the Council gives approval for this absence. This shall not apply to Council-elected Members whose attendance is regulated by statute.
- (7) All HMAC Members will attend relevant training to be determined by the Chair on the basis of appropriate advice, which shall be founded on best practice.
- (8) All HMAC Members will be required to attend Code of Conduct Training.

C Appointments Process

- (1) As an advisory committee, HMAC Members shall be appointed in accordance with section 104(2) of the Local Government Act 1972.
- (2) The HMAC shall consist of [12] HMAC Members made up of [6] Council-elected Members and [6] Co-opted Members. Each Co-opted Member, as far as it is achievable, will be appointed on a 'fit-for-purpose basis' through assessment of each nominee's skills, knowledge, experience and commitment on matters but not limited to the following:
 - (a) management of harbours;
 - (b) shipping and other forms of transport;
 - (c) local industrial, commercial, financial or legal matters;
 - (d) management of marine leisure activities;
 - (e) safety or personnel management;
 - (f) community issues;
 - (g) environmental matters;
 - (h) knowledge of port / maritime or other nautical experience; and
 - (i) any other skills and abilities considered from time to time by the Appointments Panel to be relevant to the discharge by the HMAC of its functions as an advisory body.
- (3) Council-elected Members shall be appointed to the HMAC by the Council.
- (4) A Council-elected Member's term shall expire on the fourth day after the date of the next regular election or from the date of their resignation. Council-elected Members' appointments will be governed by the Constitution.
- (5) The Council shall secure, so far as reasonably practicable, that the Council-elected Members appointed by it will, between them, have special knowledge, experience and ability in a broad and complementary range of matters relevant to the efficient, effective and economic discharge by the HMAC of its function as an advisory body.
- (6) A Co-opted Member's term of appointment shall be three years from the date of appointment unless the Member shall die, resign or be disqualified.
- (7) Co-opted Members shall be appointed by the Council for up to 2 full terms, and exceptionally 3 full terms.

- (8) A Co-opted Member may be appointed to a second three-year term without recourse to open competition, subject to the agreement of both the Chair and the Member, and the HMAc's assessment that the Member has performed satisfactorily during the first term (all membership of the HMAc is subject to ratification by the Council);
- (9) Re-appointment of a Co-opted Member for a third term shall involve competition with other candidates.
- (10) Appointments will usually be made by an appointments panel (**'the Appointments Panel'**) consisting of the Chair of the HMAc, a Co-opted Member, [and an independent external technical advisor with a thorough understanding of harbour / port governance issues].
- (11) The Appointments Panel shall secure, so far as reasonably practicable, that the Co-opted Members appointed by it will, between them, have special knowledge, experience and ability in a broad and complementary range of matters relevant to the efficient, effective and economic discharge by the HMAc of its functions. The decisions of the Appointments Panel are subject to ratification by the Council.

D Resignation of Members

An HMAc Member, including the Chair, may resign their office at any time by Notice in writing given to the Council's Monitoring Officer.

E Meetings

- (1) The HMAc shall meet at least [6] times a year and be governed by the [Procedure Rules] as set out in the Constitution.
- (2) The quorum for meetings of the HMAc shall be [6] save that at no time shall there be less than [2] Council-elected Members present at the meeting.
- (3) The HMAc shall consider the following business:
 - (a) approval of the Minutes of the previous meeting;
 - (b) declarations of Interest, if any;
 - (c) report and feedback from Stakeholder Forums; and
 - (d) the business otherwise set out on the Agenda for the meeting.
- (4) **Agendas:** A copy of the agenda including the item, or a copy of the item, shall be open to inspection by members of the public at least [5] clear working days before the meeting or, where the meeting is convened at shorter notice, from the time the meeting is convened; unless by reason of special circumstance, which shall be specified in the meeting minutes, the Chair of the meeting is of the opinion that the item should be considered as a matter of urgency.
- (5) An Annual Meeting of the HMAc will take place during the year. This will be an informal meeting and include invitation to all members of Stakeholder Forums.

F Declaration of Interests

- (1) A Co-opted Member shall be under the same obligations as the Council-elected Members that appoint that person and that person must observe the Council's

Standing Orders and comply with the statutory rules relating to the disclosure of interests.

- (2) All HMAc Members will be governed by the [[Somerset Council Code of Conduct](#)] which details interests which need to be declared.
- (3) The Council maintains and regularly updates a register of interests declared by Members, and shall make the register available for inspection by members of the public at all times during usual office hours.

G Payments to Members

- (1) The Chair of the HMAc shall receive a Special Responsibility Allowance in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).
- (2) The HMAc may pay to Co-opted Members such expenses for travelling allowances on the same basis as Council-elected Members.

H Stakeholder Forums

- (1) To ensure that the HMAc has strong and direct links with harbour users, local communities and other external organisations with an interest in the HMAc areas, a formal consultation mechanism will be established by the Executive. This will enable Stakeholder Forums to formally make representations to the HMAc.
- (2) No Member of the HMAc will have a position on the Stakeholder Forums. The Harbour Master (or authorised deputy) and an HMAc Member may attend as observers.
- (3) The HMAc may recommend to the Executive to appoint other Stakeholder Forums.

Schedule: Declaration of Acceptance of Office | Co-opted Members of the HMAc

I.....being a Co-opted Member of the Somerset Council (**‘the Council’**) Harbour Management Committee (**‘the HMAc’**) declare that I will duly and faithfully fulfil the requirements of this role according to the best of my judgement and ability.

I undertake to observe the [**Somerset Council Code of Conduct**] as to the conduct which is expected of Members and Co-opted Members of a Committee of the Council.

If I have an interest, direct or indirect:

- (a) in any contract or proposed contract to which the Council as statutory harbour authority is or would be a party or I am a director of a company or body with which the contract or proposed contract is made or proposed to be made; or
- (b) in any other matter with which the Council as statutory harbour authority or the HMAc is concerned,

I will declare that interest.

I have disclosed details of every financial and other interest as is mentioned in (a) and (b) above, and I will in future notify as soon as reasonably practicable any alteration to those interests, or any new interest such as is mentioned in (a) and (b) above, which I may acquire.

Signed

.....
[Signee name]

Signed

.....
[Signee name]
[Monitoring / Deputy Monitoring Officer]

APPENDIX E: ORGANISATIONAL STRUCTURE

This will contain a clear organisational structure that shows the reporting lines between the HMAC and Council (including the Duty Holder) and the Designated Person. This is important to ensure the proper functioning of the HMAC and the harbours, and also for compliance with the PMSC.

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APPENDIX F: LOCAL HARBOUR LEGISLATION

Port of Bridgwater Acts and Orders

- (1) Bridgwater Navigation and Quays Act 1845.
- (2) Pier and Harbour Orders Confirmation (No. 1) Act 1908 (only section 2).
- (3) Bridgwater Port and Navigation Order 1908.
- (4) Bridgwater Port and Navigation Order 1923.
- (5) Any other enactment of local application from time to time in force which applies to the Port of Bridgwater undertaking of the Council (as statutory harbour authority) as described in the Acts and Orders listed above.

Bridgwater Docks Acts and Orders

- (1) An Act for making a navigable canal from the River Avon, at or near Morgan's Pill, in the Parish of Easton-in-Gordano, otherwise Saint George's, in the County of Somerset, to or near the River Tone, in the Parish of Saint James in Taunton, in the said county, and a certain navigable cut therein described 1811.
- (2) An Act to abridge, vary, extend, and improve the Bristol and Taunton Canal Navigation, and to alter the powers of an Act of the fifty-first year of His late Majesty, for making the said Canal 1824.
- (3) An Act to explain and amend two Acts, of the fifty-first year of His late Majesty King George the Third and the fifth year of His late Majesty King George the Fourth, relative to the Bridgewater and Taunton Canal Navigation 1832.
- (4) An Act to enable the Company of Proprietors of the Bridgewater and Taunton Canal Navigation to continue the line of the canal below the Town of Bridgewater, and for varying the Powers of the several Acts relative to the said Canal 1837.
- (5) Bridgwater and Taunton Canal, and Stolford Railway and Harbour Act 1846.
- (6) Bridgwater and Taunton Canal Act 1866.
- (7) Great Western Railway Company and Bristol and Exeter Railway Amalgamation Act 1876.
- (8) Any other enactment of local application from time to time in force which applies to the Bridgwater Docks undertaking of the Council (as statutory harbour authority) as described in the Acts and Orders listed above.

Minehead Harbour Acts and Orders

- (1) An Act for more effectually improving and keeping in repair the pier and harbour of Minehead in the County of Somerset 1823 (sections 1, 3 4 and 34 only).
- (2) Minehead Pier and Harbour Order 1895 (article 19 only).
- (3) Minehead Harbour Order 1952.
- (4) Any other enactment of local application from time to time in force which applies to the Minehead Harbour undertaking of the Council (as statutory harbour authority) as described in the Acts and Orders listed above.

Watchet Harbour Acts and Orders

- (1) Watchet Harbour Act 1860.
- (2) Watchet Pier and Harbour Order 1902.
- (3) Watchet Urban District Council Act 1934.
- (4) Watchet Harbour Revision Order 1970.
- (5) Watchet Harbour Revision Order 2000.

- (6) Any other enactment of local application from time to time in force which applies to the Watchet Harbour undertaking of the Council (as statutory harbour authority) as described in the Acts and Orders listed above.

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Decision Report - Executive Decision

Forward Plan Reference: N/A

Decision Date – 6 December 2023

Key Decision – No



Proposed withdrawal and dissolution of the Heart of the South West Joint Committee

Executive Member(s): Cllr Bill Revans, Leader of the Council and Lead Member for Governance and Communications

Local Member(s) and Division: All

Lead Officer (s): Duncan Sharkey, Chief Executive and Paul Hickson Service Director for Economy, Employment and Planning.

Author: Scott Wooldridge, Interim Head of the Governance & Democratic Services

Contact Details: scott.wooldridge@somerset.gov.uk

Summary

1. This report follows a steer from the Leaders / senior members of several Constituent Authorities for proposals to be brought forward to all Constituent Authorities to consider their withdrawal and dissolution of the Heart of the South West (HotSW) Joint Committee (the Joint Committee).
2. The proposals in this report specifically relate to the Joint Committee's governance arrangements only and do not cover the HotSW Local Enterprise Partnership (LEP) or the associated HotSW LEP Joint Scrutiny Committee.
3. A separate report to the Executive is envisaged in early 2024 concerning the transfer and integration of LEP functions into local authorities, including Somerset Council.

Background

4. In 2015 the HotSW partnership (17 local authorities, two National Parks, the LEP and three clinical commissioning groups) submitted a devolution "statement of intent" to Government and began negotiations about a devolution deal. However, following the EU referendum in 2016, devolution was no longer a government policy priority and the HotSW partnership developed a Productivity Strategy. In

March 2018 the partnership formalised the arrangements to establish the HotSW Joint Committee. Following the establishment of Somerset Council, the HotSW Joint Committee Constituent Authorities are now:

- Dartmoor National Park Authority
- Devon County Council
- East Devon District Council
- Exeter City Council
- Exmoor National Park Authority
- Mid Devon District Council
- North Devon Council
- Plymouth City Council
- Somerset Council
- South Hams District Council
- Torbay Council
- Teignbridge District Council
- Torridge District Council
- West Devon Borough Council

The Heart of the SW LEP and the NHS are co-opted members of the HotSW Joint Committee.

5. The Joint Committee was seen a partnership vehicle to provide a single forum for local authority engagement with the Heart of the South West Local Enterprise Partnership and Government.

The specific objectives of the HotSW Joint Committee in its Terms of Reference are to:

- (a) Improve the economy and the prospects for the region by bringing together the public, private and education sectors;
- (b) Increase our understanding of the economy and what needs to be done to make it stronger;
- (c) Improve the efficiency and productivity of the public sector;
- (d) Identify and remove barriers to progress and maximise the opportunities / benefits available to the area from current and future government policy.

6. Since its inception, the Joint Committee's work has worked on issues covering the HotSW area as a whole such as: Local Industrial Strategy, Coastal Productivity Plan, Housing Task Force and regional imbalances.
7. The Joint Committee currently has a meeting cycle of two formal meetings a year and it is directly supported by Somerset Council.

The case for change

8. Changes in Government policy over the last five years, the development of the Devon, Plymouth and Torbay devolution deal and forthcoming integration of the HotSW LEP into local authorities mean that the purpose of the Joint Committee has largely been superseded and other partnership arrangements between the Constituent Authorities can deliver their aims with reduced duplication.
9. In relation to withdrawal from/dissolution of the Joint Committee, the inter-authority agreement states that:
 - *A Constituent Authority wishing to withdraw from the Joint Committee shall give a minimum of 6 months' notice in writing to the other Constituent Authority via the Administering Authority. The Constituent Authorities shall co-operate with any such request.*
 - *If two or more Constituent Authorities give notice of withdrawal from membership of the Joint Committee in the same Financial Year, the Joint Committee shall consider and make recommendations to the remaining Constituent Authorities as to the future operation of the Joint Committee and, if appropriate, recommend any necessary amendments required to the Joint Committee's functions and operating arrangements.*
 - *Where a majority of the Constituent Authorities at any time agree (via formal resolutions) that the Joint Committee should be dissolved or terminated on a specified date then the Joint Committee shall cease to exist from that date.*
10. In December 2022, the scheduled meeting of the Joint Committee was adjourned as it was not quorate due to low attendance by Constituent Authorities. On 27 October 2023, the scheduled meeting of the Joint Committee was also not quorate and able to proceed due to only four of the fourteen Constituent Authorities attending the meeting.

11. It is likely that proposals will be brought forward during November and December 2023 by a majority of the Constituent Authorities for their councils to agree to serve notice and recommend the dissolution of the Joint Committee on 31 December 2023.

12. **Recommendations**

That the Executive recommends to the Council that it agrees to serve notice of its withdrawal and that the Heart of the South West Joint Committee be dissolved on 31 December 2023.

Reasons for recommendations

12 Changes in Government policy over the last five years, the development of the Devon, Plymouth and Torbay devolution deal and forthcoming integration of the HotSW LEP into local authorities mean that the purpose of the HotSW Joint Committee has largely been superseded and other existing partnership arrangements between the Constituent Authorities can deliver their aims. The HotSW Joint Committee is therefore considered to be superfluous and not adding value to the Constituent Authorities.

Other options considered

13 The alternative option is that the Council does not agree to serve notice and continues to be a member of the Joint Committee. However, if the majority of Constituent Authorities serve notice then the Joint Committee will be automatically dissolved. As stated previously it is considered that the Joint Committee is superfluous and adds duplication to existing arrangements.

Links to Council Plan and Medium-Term Financial Plan

14 The recommendation will help achieve the Council Plan 2023-27 vision and priorities, in particular the priority for a flourishing and resilient Somerset.

15 The proposals will result in a minor saving and refocus of available resources to support the MTFP.

Financial and Risk Implications

- 16 The Joint Committee remains completely reliant on the Constituent Authorities for its budget and there are no obvious sources of additional funding to support running costs or delivery of its work programme. Joint Committee members' costs and expenses are funded and administered by each respective Constituent Authority.
- 17 The Administering Authority (Somerset Council) holds the balance of contributions from the Constituent Authorities. The current unallocated balance is £ 43,009. If the Joint Committee is dissolved, then any outstanding balance would be returned proportionally to each of the Constituent Authorities on the same percentage basis that they made contributions.
- 18 The key risk is continuing with the Joint Committee and duplicating the work of existing partnership arrangements without adding any value. The recommendations in this report mitigate that risk.

Likelihood	4	Impact	3	Risk Score	12
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Legal Implications

- 19 The HotSW Joint Committee is established under Sections 101 to 103 of the Local Government Act 1972.
- 20 The review of the role and functions of the Joint Committee has taken account of the legal framework within which the Joint Committee operates. The proposed recommendations are in accordance with the Inter-Authority Agreement.

HR Implications

- 21 There are no HR implications in agreeing these proposals.

Other Implications:

Equalities Implications

- 22 No specific equalities implications have been identified in relation to the proposed recommendations.

Community Safety Implications

23 No specific implications have been identified in relation to the proposed recommendations.

Climate Change and Sustainability Implications

24 No specific implications have been identified in relation to the proposed recommendations.

Health and Safety Implications

25 No specific implications have been identified in relation to the proposed recommendations.

Health and Wellbeing Implications

26 No specific implications have been identified in relation to the proposed recommendations.

Social Value

27 The decision is not related to a procurement process.

Scrutiny comments / recommendations:

28 The proposed decision has not been considered by a Scrutiny Committee but all elected members will have the opportunity to consider the proposals if the Executive recommend them to Full Council for approval.

Background Papers

Heart of the South West Joint Committee – establishment report to all Constituent Authorities in November and December 2017

Heart of the South West Joint Committee Governance Arrangements – 27 September 2019 and Budget Update report in October 2020

Heart of the South West Constitution and Inter-Authority Agreement

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	17/11/23
Communications	Not applicable	
Finance & Procurement	Nicola Hix	17/11/23
Workforce	Not applicable	
Asset Management	Not applicable	
Executive Director / Senior Manager	Mickey Green	17/11/23
Strategy & Performance	Alyn Jones	17/11/23
Executive Lead Member	Cllr Bill Revans	17/11/23
Consulted:		
Local Division Members	N/A	
Opposition Spokesperson	Cllr David Fothergill, Opposition Group Leader	Sent 17/11/23
Scrutiny Chair	Cllr Martin Dimery Chair of Scrutiny Committee - Climate and Place	Sent 17/11/23

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