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South Somerset District Council

Notice of Meeting

South Somerset District Council

Making a difference where it counts

Thursday 19th January 2017

7.30 pm

Council Chamber
Council Offices
Brympton Way
Yeovil, BA20 2HT

(disabled access and a hearing loop are available at this meeting venue)

All members of Council are requested to attend this meeting.

If you would like any further information on the items to be discussed, please contact the Democratic Services Manager on 01935 462148 or democracy@southsomerset.gov.uk

This Agenda was issued on Wednesday 11 January 2017.

Ian Clarke, *Assistant Director (Legal & Corporate Services)*

This information is also available on our website www.southsomerset.gov.uk and via the mod.gov app

South Somerset District Council Membership

Chairman: Mike Best
Vice-chairman: Tony Capozzoli

Clare Aparicio Paul
Jason Baker
Cathy Bakewell
Marcus Barrett
Mike Beech
Neil Bloomfield
Amanda Broom
Dave Bulmer
John Clark
Nick Colbert
Adam Dance
Gye Dibben
Sarah Dyke
John Field
Nigel Gage
Carol Goodall
Anna Groskop
Peter Gubbins
Henry Hobhouse
Kaysar Hussain
Tim Inglefield
Val Keitch
Andy Kendall
Jenny Kenton
Mike Lewis
Sarah Lindsay
Mike Lock
Tony Lock
Paul Maxwell
Sam McAllister
Graham Middleton
David Norris
Graham Oakes
Sue Osborne
Tiffany Osborne
Stephen Page
Ric Pallister
Crispin Raikes
Wes Read
David Recardo
Jo Roundell Greene
Dean Ruddle
Sylvia Seal
Gina Seaton
Peter Seib
Garry Shortland
Angie Singleton
Alan Smith
Sue Steele
Rob Stickland
Gerard Tucker
Andrew Turpin
Linda Vijeh
Martin Wale
William Wallace
Nick Weeks
Colin Winder
Derek Yeomans

Information for the Public

The meetings of the full Council, comprising all 60 members of South Somerset District Council, are held at least 6 times a year. The full Council approves the Council's budget and the major policies which comprise the Council's policy framework. Other decisions which the full Council has to take include appointing the Leader of the Council, members of the District Executive, other Council Committees and approving the Council's Constitution (which details how the Council works including the scheme allocating decisions and Council functions to committees and officers).

Members of the Public are able to:-

- attend meetings of the Council and its committees such as Area Committees, District Executive, except where, for example, personal or confidential matters are being discussed;
- speak at Area Committees, District Executive and Council meetings;
- see reports and background papers, and any record of decisions made by the Council and Executive;
- find out, from the Executive Forward Plan, what major decisions are to be decided by the District Executive.

Meetings of the Council are scheduled to be held monthly at 7.30 p.m. on the third Thursday of the month in the Council Offices, Brympton Way although some dates are only reserve dates and may not be needed.

The agenda, minutes and the timetable for council meetings are published on the Council's website – www.southsomerset.gov.uk/councillors-and-democracy/meetings-and-decisions

Agendas and minutes can also be viewed via the mod.gov app (free) available for iPads and Android devices. Search for 'mod.gov' in the app store for your device and select 'South Somerset' from the list of publishers and then select the committees of interest. A wi-fi signal will be required for a very short time to download an agenda but once downloaded, documents will be viewable offline.

The Council's corporate aims which guide the work of the Council are set out below.

Further information can be obtained by contacting the agenda co-ordinator named on the front page.

South Somerset District Council - Council Aims

South Somerset will be a confident, resilient and flexible organisation, protecting and improving core services, delivering public priorities and acting in the best long-term interests of the district. We will:

- Protect core services to the public by reducing costs and seeking income generation.
- Increase the focus on Jobs and Economic Development.
- Protect and enhance the quality of our environment.
- Enable housing to meet all needs.
- Improve health and reduce health inequalities.

South Somerset District Council
Thursday 19 January 2017

Agenda

1. Apologies for Absence

2. Minutes

To approve and sign the minutes of the previous meeting held on Thursday, 17th November 2016.

3. Declarations of Interest

In accordance with the Council's current Code of Conduct (adopted July 2012), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the Agenda for this meeting. A DPI is defined in The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (SI 2012 No. 1464) and Appendix 3 of the Council's Code of Conduct. A personal interest is defined in paragraph 2.8 of the Code and a prejudicial interest is defined in paragraph 2.9.

Members are reminded that they need to declare the fact that they are also a member of a County, Town or Parish Council as a Personal Interest. As a result of the change made to the Code of Conduct by this Council at its meeting on 15th May 2014, where you are also a member of Somerset County Council and/or a Town or Parish Council within South Somerset you must declare a prejudicial interest in any business on the agenda where there is a financial benefit or gain or advantage to Somerset County Council and/or a Town or Parish Council which would be at the cost or to the financial disadvantage of South Somerset District Council. If you have a prejudicial interest you must comply with paragraphs 2.9(b) and 2.9(c) of the Code.

4. Public Question Time

5. Chairman's Announcements

Items for Discussion

6. Chairman's Engagements (Pages 6 - 7)

7. Presentation on the V3: InVolve, Visit, Volunteer project at Yeovil Country Park (Pages 8 - 15)

8. Council Tax Support Scheme for 2017/18 (Pages 16 - 72)

9. Treasury Management Strategy Statement and Investment Strategy 2016/17 - Mid year review (Pages 73 - 97)

10. Report of Executive Decisions (Pages 98 - 103)

11. Audit Committee (Pages 104 - 107)

12. Scrutiny Committee (Pages 108 - 114)

13. Motions (Pages 115 - 116)

14. Questions Under Procedure Rule 10

There were no questions submitted under Procedure Rule 10.

15. Date of Next Meeting

Members are asked to note that the next scheduled meeting of the Full Council will take place on **Thursday, 23rd February 2017** in the Council Chamber, Council Offices, Brympton Way, Yeovil **commencing at 7.30 p.m.**

Chairman's Engagements

19th November

Tony and Vivienne attended the switching on of the Christmas lights in the Quedam Centre in Yeovil.

21st November

Jo Roundell Greene represented the Chairman at the Thanksgiving Service for Marc Haynes at Sherborne Abbey.

23rd November

Mike and Liz attended the Protexin Presentation of the Queen's Award for Enterprise at Probiotics International Ltd, Lopen Head.

26th November

Mike and Liz enjoyed an evening of dinner and dancing at the Mayor's Charity Ball at RNAS Yeovilton.

5th December

Mike and Liz attended the Somerset Schools Music Celebration which took place at Wells Cathedral.

9th December

Mike and Liz attended The Octagon Theatre for a performance of the pantomime Peter Pan.

10th December

Mike and Liz attended the Big Breakfast at Vicarage Street Church, supporting the Mayor of Yeovil's two charities, St Margaret's Hospice and the Piers Simon Appeal – School in a Bag.

11th December

Mike and Liz attended The Salvation Army Charity Carol Service at Southville Hall, Yeovil.

14th December

At the request of the Mayor of Yeovil, Mike joined him for a visit to the Royal Mail sorting office in Yeovil.

During the evening, at the invitation of Councillor Victor Fox, Chairman of North Dorset District Council, Mike and Liz also attended the Carol Service which took place at St Mary's Church, Sturminster Newton.

18th December

At the invitation of the Mayor of Ilminster Mike and Liz attended the Town Carol Service.

19th December

Mike and Liz attended the Blue Light Christmas Carol Service at Exeter Cathedral at the invitation of South West Ambulance Service.

20th December

Mike joined the Mayor of Yeovil on a visit to Yeovil District Hospital where they met with the Chief Executive and Director of Nursing and Clinical Governance for a guided tour.

22nd December

Mike joined the Mayor of Yeovil visiting the patients and staff at St Margaret's Hospice.

14th January

Mike is due to attend the Bloodwise AGM held at The Old Barn Club, Yeovil.

Update Report on the Heritage Lottery Funded V3; InVolve, Visit, Volunteer Project at Yeovil Country Park

Executive Portfolio Holder: *Sylvia Seal, Leisure and Culture*
Assistant Director: *Steve Joel, Health and Well Being*
Service Manager: *Katy Menday, Countryside Manager*
Lead Officer: *Becky Russell, Community Ranger, Countryside Service*
Contact Details: *Becky.Russell@southsomerset.gov.uk or 07971 111970*

Purpose of the Report

To update Members on the delivery of the 3 year V3 InVolve, Visit, Volunteer, Heritage Lottery Funded project at Yeovil Country Park. Officers will also attend the Council meeting to give a short presentation on the project.

Public Interest

In the summer of 2015 the Heritage Lottery Fund awarded a £251,200 grant towards the V3; Involve, Visit, Volunteer project at Yeovil Country Park. This grant finalised the funding package for a three year long £421,382 project at the Country Park. Delivery commenced in the autumn of 2015 with the appointment of a community ranger working to achieve the busy activity plan.

Recommendation

That Council note and comment upon the delivery of the V3 Project at Yeovil Country Park and the presentation to be made at Full Council.

Background

Yeovil Country Park was formed in 2002 by joining the SSDC landholdings at Riverside Walk, Wyndham Hill, Penn Hill, Summerhouse Hill and Ninesprings together into one large 127 acre accessible greenspace. The linear park is linked by the old railway line, now a busy cycleway. The mix of woodland, grassland and waterways provides a superb mix of habitats and despite its urban fringe position the country park is home to 2,572 species of plant and animal including conservation priority species like water vole and otter. Under the management of a small countryside ranger team, and with the help and support of weekly practical volunteers and an active Friends group the Country Park has thrived. Today the site is heavily used by residents and visitors. The Keep Britain Tidy Green Flag Award has been held since 2006 and in 2016 the Park won a Britain in Bloom Best Park award.

An engaging and appropriate events programme is delivered by the countryside ranger team annually, with 18 events organised in 2016 seeing 6,248 participants attending. Some limited school visits were led by the site rangers before 2016 when they were able.

A practical volunteer team meets every Thursday for a full day of habitat, conservation and heritage restoration works. On Monday afternoons a volunteer team delivers less strenuous and more supported volunteering opportunities for a variety of individuals plus a regular group of students from Cambian College. In 2016 94 practical volunteering parties were organised with 827 days donated by volunteers.

A Friends Group was established in January 2012 to help with fundraising for park projects and to diversify volunteering opportunities. In 2016 37 days were donated by this group towards event delivery, activities and planning meetings.

In 2012 the Countryside Service started working with the Friends group to improve the facilities on site at the country park as a response to inadequate toilet facilities for both staff and visitors, and taking into account suggestions and comments made in feedback and visitor surveys by the general public and groups. In January 2014 a funding package was confirmed for the construction of the new Ninesprings Centre and the building opened in October 2014. Included in the Centre is a ranger workshop, office, public toilets, a volunteer space and the Ninesprings Café.

A funding bid was submitted to the Heritage Lottery Fund during 2014 that sought to diversify volunteering, improve visitor experiences at the country park and engage a greater number of members of the community in park projects. The success of this application was confirmed in the summer of 2015.

A key element of the lottery bid was the employment of a full time, 3 year community ranger to deliver the activity plan across the project duration. Becky Russell was appointed to the role, and started work on the project in autumn 2015.

V3 InVolve, Visit, Volunteer

The 3 year long project runs from September 2015 to September 2018.

The V3 Project seeks to

- Help people fully appreciate and understand the value of the Country Park and its heritage
- Ensure that all Yeovil residents have the opportunity to enjoy and engage with the greenspace.
- Target specific groups and encourage greater interaction between these groups, including those from more deprived social backgrounds, disabled, new ethnic populations, young people and children.

Total project costs are £421,382 with the project primarily funded by a Heritage Lottery Fund grant covering 60% of the costs at £251,200. Significant match funding grants toward the project have been received from; the Armed Forces Community Covenant Fund, Grants for the Arts, Ernest Cook Trust, Awards for All, Yeovil Town Council, The Rotary Club of Yeovil, The Friends of Yeovil Country Park, and a large proportion of 'In-kind' contributions from volunteers.

The project covers these main objectives;

To conserve and enhance the built and natural heritage of the Park through specific projects.
Restoration of the Victorian Valley Gardens of Ninesprings is underway. A dedicated team of volunteers, supported by rangers, operates on a Wednesday specifically to restore the valley gardens. Invasive laurel and other non-natives have been removed to prevent damage to infrastructure, to restore vistas and improve the site for wildlife. Scrub and spoil has been removed from streams and waterfalls, revealing previously forgotten springs and stonework

and letting waterways flow again. Stonework is being restored and repaired, including dam wall repairs. The progress of this project has been recorded by one of the enthusiastic volunteers on The Yeovil Country Park Facebook page. The practical restoration has generated a significant amount of public interest in Ninesprings and a photo amnesty day has been arranged to talk to people about their memories of the site and copy any historic images they may have.

Habitat enhancement work is underway at various locations across the Country Park improving the site for a range of species. At Riverside Walk aged willow trees are being managed and the reed beds scraped to encourage continued reed growth and expansion. Boardwalks will be constructed to facilitate continued public access across these wet areas. An orchard is being planted at the foot of Summerhouse Hill this month, and a volunteer training course delivered on fruit tree management and pruning to enable the volunteer team to manage the area in the future.

A variety of bird, bat and insect boxes are being added to the existing complement in the Park to support populations.

Volunteer working parties are being increased in size and frequency to help the ranger team deal with invasive species like ragwort in the grassland and Himalayan balsam in the watercourses.

Employment of a Community Ranger to develop volunteering, learning and community opportunities.
Community Ranger, Becky Russell, started work on the project in September 2015. Becky's work programme is set out in a detailed 3 year activity plan. Extensive research was carried out during bid development to identify particular groups and organisations that would benefit from supported visits to the country park and Becky's work programme covers these and requests from other groups interested in the site. Since starting Becky has run 77 events, attended by over 1,900 people. Some events are marketed to the general public such as Beautiful Butterflies and Woodland Storytelling. Other events like the Yeovil Yaffle Missions were designed to bring children from Armed Forces Families and non-service children together for exciting and challenging outdoor challenge days. During development of the bid a range of harder to reach groups and communities were identified and where possible Becky has worked with and developed sessions to appeal to, and accommodate, specific community groups that have so far included photography sessions for MIND, Campfire Cooking for STEP (Somerset Team for Early Psychosis) and Woodcarving for the local Deaf Club. All sessions are free to the groups and attendees.

Links with the wider community have been forged through meetings with the local railway societies to help inform future interpretation about the original railway line through the park. Visits to Doctors surgeries have resulted in the waiting rooms holding power points about the country park and the opportunities to get involved. Regular correspondence and talks to groups including Rotary, Lions, U3A and local business groups have resulted in new fundraising links and support from a greater range of individuals and businesses, plus a raised profile for the country park.

To create heritage interpretation including leaflets, displays and events for the new Centre and wider Country Park.

Interpretation is being designed for the interior and exterior of the Yeovil Country Park Centre enabling people to discover more about Yeovil Country Park, its heritage and wildlife and how they can get involved. This will include fun interactive panels for children, informative panels for adults and an accessible tactile map enabling all visitors to orientate themselves. Across site new welcome signs and site interest panels will be written and installed. A series of new leaflets will be developed and printed based around suggested walking routes and picking up themes to engage children. A range of themed family explorer backpacks available for loan will be launched in the spring 2017. These will be available for local families and groups to borrow and will include activity sheets, games, identification sheets and items such as binoculars and bug jars. These will be built around topics such as woodlands, pond life and railway heritage.

New orienteering packs have been created for the entire country park and course sheets and activity packs will be launched in the summer of 2017 to help people explore the park.

Wildlife Cameras are due to be installed across the park with live and pre recoded feeds at the centre in the Cafe. This will include a building mounted time lapse camera recording the meadows and woodlands through the seasons, bird box cameras, a pan-tilt-zoom camera on a bird feeding area, and trail cameras positioned to obtain footage of wildlife such as otters, water voles and kingfishers. The footage will be shown through a TV screen in the café and used for visiting groups, and outreach visits to local groups through presentations.

A series of wooden sculptures have been created by a South Somerset artist inspired by woodcarving sessions run with community groups and the public. These sculptures include an otter, owl, bats, a rose bush, kingfisher, woodpecker, train and new storytelling seat for the woodland play zone. The story telling seat was carved in situ, with support from volunteers, enabling visitors to the park to see how the carving is created. When all the carvings are complete they will be installed at locations throughout Yeovil Country Park.

A new woodland play trail will be installed at Riverside during 2017 as the final part of the Armed Forces Fund to provide opportunities for the new families on the Wyndham Estate to explore and interact with the greenspaces at Riverside. Features like willow tunnels, dens, climbing logs and balancing beams will be included after local community consultation.

Events at Yeovil Country Park	2014	2015	2016
Events	15	36	82
Youth participants	1,862	3745	4,729
Adult participants	117	1540	3,329
Total participants	1,979	5,285	8,058

To provide educational visits, an updated education pack, teacher training and resources.
54 formal education sessions have been run for over 1,200 pupils since autumn 2015. Sessions have included curriculum linked outdoor education sessions looking at topics such as water courses, mini beasts and identification. Popular Forest School sessions have enabled young people to gain confidence and understanding in an outdoor environment. The Forest School approach to education has worked well with groups from our Yeovil Schools where often English is not the first language of some pupils. Several teacher training sessions have been delivered to local school staff and trainee teachers; enabling teachers to have the confidence to visit Yeovil Country Park and run their own outdoor sessions, using loaned resources.

Of 18 Yeovil schools 13 have attended site and enjoyed sessions with Becky. This includes all except 2 of the primaries. We are offering tailored sessions to the secondary schools and have so far worked successfully with Westfield in 2016 on literacy summer schools. A project is in development with Preston School this year, and a similar opportunity will be offered to Bucklers Mead in 2018. Becky has also worked with the Somerset Partnership School. The project has seen many schools from outside Yeovil visit, and teachers and educators from Magdalen Farm, Wincanton and Sherborne have all attended teacher training sessions.

In consultation with local teachers, via federation forums and during site visits, a new, broader, education pack reflecting the new National Curriculum is being developed. The pack will be distributed to local schools and will be available on line. Launch sessions will be hosted to enable teaching staff to attend site and visit the suggested locations for each element of the packs delivery.

Educational sessions at Yeovil Country Park	2014	2015	2016
School groups	4	22	37
Pupil Participants	130	608	817

To improve access by providing waymarkers, surfaced routes and a Tramper vehicle.
To ensure that the Country Park is accessible to as many people as possible the valley gardens of Ninesprings have been mapped, described and graded in the anticipation of the arrival of a Tramper (mobility vehicle better suited to rougher terrain) for loan and use within the country park. The vehicle will enable users to travel away from the surfaced cycleway and deeper into the greenspaces. A partnership with Shopmobility will ensure that this loan is properly managed and supported for users. The routes will be mapped and way marked to assist users and a new tactile map will be erected at the Centre to help people orientate and find their way.

A series of new walking leaflets will be developed to help visitors navigate the country park along a series of themes, taking in features of interest across all the landholdings.

To provide volunteer and training opportunities.
New volunteers have been recruited to the V3 project, due to the wider range of opportunities now available. Volunteers are helping with school visits, public events, production of a new

orienteering pack, leading guided walks, helping at heritage sessions and workshops, in addition to the practical restoration of the Valley Gardens. These valued volunteers have contributed 311 days to the project so far.

Volunteer training days have been delivered across subject areas like; team leading, tree identification and orchard pruning to develop skills.

Volunteering at Yeovil Country Park	2014	2015	2016
Volunteer events	65	93	116
Volunteer days	673	717	1138

Comments and outcomes from V3 Participants

This project had resulted in many more, and a greater range, of people visiting Yeovil Country Park. Benefitting from increased physical activity, improved mental health and greater overall well-being. The positive benefits of being active within Yeovil Country Park have been recounted many times by participants. Children who will not talk in class have spoken in the woods, those who will not participate, voluntarily join in, confidence is improved. MIND enjoyed their photography course so much that they set up their own photography workshops to continue visiting the park monthly. STEP (Somerset Team for Early Psychosis) have seen positive benefits to their participants as a result of regular sessions. Young carers were able to children; they could relax, have fun and play in the woods.

'I've loved all of it' ………………….from a school girl who cried at the start of a Forest School session because she didn't like being outside.

'That was amazing' ………………….from a 9 year old who was scared to come on a bat walk around Ninesprings in the dark.

"The literacy project has not only enabled the students involved to develop an interest in nature and outdoor learning but they have also built on relevant literacy skills and many have grown in confidence (both in English and in themselves). All students thoroughly enjoyed their three day experience and produced high quality pieces of writing suitable for the project aims. The project was well organised, engaging, relevant and flexible to the needs of the project, students and school. I have viewed it as being a real success and am delighted with the collaborative work that has taken place between the school and park. Many thanks for the opportunity given to our students"……...from Westfield School after the literacy summer school.

Becky's highlight so far has been seeing 80 children joining in with the Yeovil Yaffle Missions in August 2016. Without their parents or teachers children made new friends, worked as a team, learnt new skills such as tree climbing, braved zip wires, had a go at willow weaving, tried an obstacle course whilst blindfolded, mastered fire lighting & campfire cooking and enjoyed bat detecting. The sessions brought together leaders from the ranger team, Scouts, Guides, Forest school leaders and artists all working together to support and enable the children to have an amazing day.

At project end

The V3 project funding ends in September 2018, by this time;

Local teaching staff will have experienced high quality field study sessions with their pupils on site at Yeovil Country Park and through use of the new education pack will feel confident to deliver their own sessions in the future.

Teaching staff will have attended teacher training sessions on site and feel confident in the various curriculum elements that can be delivered on site making use of loaned resources through the existing ranger team.

Volunteers recruited through the project continue to volunteer on the ranger's practical sessions and via the Friends of Yeovil Country Park. Some volunteers will have attended training to enable them to lead volunteer groups on low risk practical projects increasing management capacity across the park.

Local support groups continue to use the Country Park and its facilities for sessions for clients.

Local interest groups and uniformed groups will have learnt about the Country Park and the facilities it has to offer for their participants and continue to use it for regular sessions.

General site visitors learn more about the country park and its heritage through the ongoing provision of high quality interpretation and the ranger's event programme.

A tactile map and tramper are available to help all park visitors explore and understand the site, and a greater range of visitors are able to explore the wider greenspace.

The built infrastructure of the Victorian Valley Gardens will have been restored and new plantings will create a native mixed woodland with some ornamental species reflecting the historic past of the site.

Habitats across the park will be better managed to conserve the communities of plants and animals they support.

The Ninesprings Centre and Cafe will be the primary gateway for the country park, providing information and facilities for all visitors.

Financial Implications

The three year-long project is financed by a range of external funders (see report detail). Grant claims are submitted twice a year in August and February to the Heritage Lottery Fund.

Council Plan Implications

The work of the V3 project delivers for the following targets:

Council Plan –Environment

- Maintain Country Parks and open spaces to promote good mental and physical health.

Council Plan –Health and Communities

- Help people to live well by enabling quality cultural, leisure, play, sport & healthy lifestyle facilities & activities.

Carbon Emissions and Climate Change Implications

The Countryside Team are aware of the challenges faced in mitigating climate change and as a team work hard to ensure that their operations have a minimal carbon footprint. We ensure that by approaching the management of the countryside sites in a traditional manner they offer the largest carbon sink for other operations.

The V3 project will see the volunteers and rangers planting upwards of 500 native trees, ensuring they are best suited to our current climate; providing habitats with the best chance of adaptation to future climate change.

The emphasis on volunteering and the use of hand tools for practical conservation management ensures that fuel consumption is kept low wherever possible.

Annually thousands of members of the public of all ages have contact with the ranger team through organised educational events; promoting wildlife, green spaces, green living, traditional countryside management and minimising your carbon footprint.

Equality and Diversity Implications

Physical access to the country park is a key part of the V3 project. Signage, leaflets, a tactile map and a tramper vehicle are all part of the scheme to open up greenspace to everyone. Consultation has taken place across a range of groups, with the support of Jo Morgan, to ensure the products and projects are suitable for the target groups.

Signed craft activities have been organised for specialist support groups like the Deaf Club. Forest school activities for pupils, and training for teachers, has been delivered to many educational groups with exceptional results for individuals and classes where English is the second language.

Privacy Impact Assessment

None

Background Papers

None

Setting the Council Tax Support Scheme (CTS) for 2017/18

Lead Officer: *Ian Potter, Revenues and Benefits Manager*
Contact Details *ian.potter@southsomerset.gov.uk or (01935 462690)*

Purpose of the Report

1. To request that Council agree the Council Tax Support scheme (CTS) for the 2017/18 financial year.

Public Interest

2. From April 2013 the Government changed the way in which financial help is given to residents to pay their Council Tax. The national Council Tax Benefit scheme was replaced with a local Council Tax Support scheme to help with the costs of Council Tax for those with low incomes. As part of the change the Government also cut the amount of money they give councils towards the scheme by 10%. The original South Somerset scheme was set taking this into account. By January 31st each year the council is required to review and set a Council Tax Support scheme for the next financial year.

Recommendations

3. The Council agree:

(a) that personal allowances and premiums are uprated in line with those for Housing Benefit;

(b) that non-dependent deductions are uprated in line with the annual percentage increase in Council Tax;

(c) that the non-dependent income bands are increased by the same percentage as those in the Prescribed Requirements relating to pensioners;

(d) that proposal 2 be approved;

(e) that proposals 1, 3 and 4 be rejected;

(f) that the hardship scheme budget be set at £30,000 for the 2017/18 financial year;

(g) to consider the Equalities Impact Assessment at Appendix 1 in approving (d);

(h) to consider the public consultation responses in the Equalities Impact Assessment and Scrutiny Task and Finish Group report in approving (d) and (e);

(i) to consider the interaction of Universal Credit and Tax Credits with the CTS scheme in approving (d);

(j) to note the recommendations of the Scrutiny Task and Finish Group attached at Appendix 3;

(k) to note the scheme has been amended to reflect changes to the Prescribed Requirements;

(l) that the 2017/18 Council Tax Support Scheme (circulated under separate cover as Appendix A) is adopted;

(m) to note that the proposed Council Tax Support Scheme has been reflected within the overall Council Tax Base.

Background

4. The South Somerset Council Tax Support scheme (CTS) was introduced on 1 April 2013 and has now been running for almost four years. Councils are required to review and set their CTS scheme for each financial year by 31 January in the preceding financial year. Applications to the CTS hardship scheme are monitored, along with the Council Tax collection rate and reported to members each quarter.

5. We carried out an extensive consultation process prior to the introduction of CTS in April 2013 and the scheme proposals were carefully and fully considered by the Scrutiny Task and Finish Group. Each year we have carried out further consultation and some additional changes have been made to the scheme. It was the view of the Scrutiny and Overview Task and Finish Group that all previously adopted proposals be retained.

6. The SSDC Council Tax Support scheme states that certain elements of the needs assessment may be uprated each financial year but does not specify the level of that uprating.

7. The Scrutiny Task and Finish Group originally considered the methods of uprating and recommended the following:

   a. That while Housing Benefit (HB) still exists it would be appropriate for the CTS applicable amount figures (basic need allowance) to mirror those in the HB scheme

   b. That non-dependent deductions are uprated in line with the annual percentage increase in Council Tax

   c. That the non-dependent income bands are increased by the same percentage as those in the Prescribed Requirements relating to pensioners

These methods were adopted in the original scheme and have retained.

Equality Impact Assessment

8. Councils have a legal responsibility to have due regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 when setting a Council Tax Support scheme. There has been a High Court ruling that there was insufficient evidence that members making the decision to implement a CTS scheme had given due regard to the Equality Impact Assessment (EIA) that had been attached to the council report in order that they could discharge their statutory obligation.

9. It is important that members have due regard to the PSED when making their decision on the various scheme proposals.

10. The EIA in Appendix 1 to this report sets out the implications of proposals 1 and 4 to be considered by members and any mitigation or evidence relevant to each of them.

Council Tax Support scheme 2017/18 (Year 5)

The 15% minimum payment

11. The SSDC CTS scheme requires all working age recipients of CTS to pay a minimum of 15% Council Tax. This level was set for the first year of the scheme and although it was reviewed for the 2016/17 scheme it has remained unchanged.

12. The Scrutiny and Overview Task and Finish Group reviewed the minimum payment level prior to consultation and some research carried out to determine the possible impact of increasing it.

13. The evidence showed that those councils who had increased the minimum payment level had experienced a decline in their Council Tax collection rates and an increase in the level of Council Tax arrears. This leads to an increase in risk of bad debt and in resource demand for the recovery and enforcement of those debts. This risk is further heightened by other Welfare Reforms that are impacting on the working age group. It was therefore determined that it would be counter-productive to increase the minimum payment level for 2017/18.

14. Consideration was also given to reducing the minimum payment. Reducing the minimum payment from 15% to 12.5% would provide extra support in the range of 40p to 74p a week. There is no evidence to suggest that there are widespread affordability issues across the district and such a small increase is unlikely to make a material difference.

15. In addition, although a small increase in support for individual recipients it would increase the cost of the scheme by approximately £250k which would not be supported by the major preceptors given their financial pressures.

16. All of the proposals SSDC consulted on mirror changes to the national Housing Benefit and Pensioner CTS schemes. SSDC has not consulted on any other changes to the CTS scheme for 2017/18.

The Proposals in detail

Proposal 1 - Removing the Family Premium for all new working age applicants

17. Current scheme: the working age scheme includes a Family Premium in the calculation of the applicable amount for all families with one or more dependent children of £17.45 per week.

18. Proposed new scheme: new claims starting on or after 1 April 2017 from families with one or more dependent children would not have the Family Premium included in their applicable amount. This would make the scheme rules the same as those already in Housing Benefit and the Pension Age Council Tax Support scheme (which came into effect in April 2016).

19. In practice - when a CTS recipient has a first child they will receive child benefit and child/tax credits. This will increase their income (Child Benefit is disregarded but child/tax credits are not). In order for them to not lose out on CTS we would need to continue to award them a Family Premium.

Equalities implications – There are no equalities implications if the measure is rejected.

It is recommended that this proposal is rejected.

Proposal 2 - Removing the allowance in the calculation for third and subsequent children born after March 2017

20. Current scheme: the working age scheme includes an allowance of £66.90 for each child regardless of how many children are in the household.

21. Proposed new scheme: - The allowance will be limited to a maximum of two for each new claim or existing claims if there is a third or subsequent child born after 31st March 2017. This will mirror the restriction to two children in both Tax Credits and Universal Credit and would make the scheme rules the same as those being implemented in Housing Benefit and the Pension Age Council Tax Support scheme from April 2017. Some exemptions apply.

22. Exemptions where the 3rd child is:
- born before 6th April in existing claims
- part of a multiple birth where previously fewer than two children
- born as a result of rape
- adopted from Local Authority care or
- part of a sibling group adoption where there were previously fewer than two children in the household
- at risk and living long term with family or friends (referred to as "kinship care arrangements") as they cannot live with their parents
- subject of an allowance paid to the claimant by the LA
- subject to a formal Child Arrangement Order or Special Guardianship Order, or where
- the claimant is entitled to Guardian's Allowance; and is neither the parent nor step-parent of the child
- Also a temporary exemption where the claimant's child for whom they receive an allowance has a child. This grandchild will continue to attract an allowance until the young parent reaches 16

23. In practice – Unless an exemption applies, a person who is in receipt of Tax Credits or Universal Credit will not get an extra addition for a third or subsequent child where it is born after 31 March 2017. This means the only additional income they will get for the third or subsequent child is Child Benefit.

Please see worked example of this proposal at Appendix B

24. Child Benefit is disregarded in CTS so if we continue to give an extra allowance in their applicable amount in our CTS scheme for the third or subsequent child the amount of CTS they get will go up as their income is unchanged in the means test. Not awarding an additional allowance will mean CTS entitlement remaining the same.

Equalities implications – There are no implications if this measure is approved.

It is recommended that this proposal is approved.

Proposal 3 - Reducing backdating for new claims to one month

25. Current scheme: a working age claim for Council Tax Support can be backdated for up to 26 weeks. If a customer had a good reason for delaying making an application for Council Tax Support they could have their claim start from a date up to 26 weeks earlier.

26. Proposed new scheme: reduce the time limit for backdating to one month. This would make the scheme rules the same as those already in the Housing Benefit scheme and other welfare benefits.

27. No current CTS recipients would be affected by this change on 1 April 2017. It would only affect future claimants.

28. Therefore as at 1 April 2017 this change will not deliver any savings to the cost of the CTS scheme.

29. In order for a claim to be backdated the applicant is required to show "continuous good cause" as to why they were unable to make their claim sooner. This could be because they were seriously ill in hospital for example. Limiting the period of backdating could result in the applicant suffering financial hardship at the same time they are experiencing some other form of hardship or crisis.

There are no equalities implications for this proposal.

It is recommended that this proposal is rejected.

Proposal 4 - Reducing the period a person can be absent from Great Britain and still receive Council Tax Support.

30. Current scheme: customers can be temporarily absent from their home for up to 13 weeks without it affecting their Council Tax Support, longer in certain circumstances. This is the same if the absence is within Great Britain or not.

31. Proposed new scheme: reduce the period a person can be absent from Great Britain to a maximum of four weeks. This will make the scheme rules the same as those already in the Housing Benefit scheme and other welfare benefits. If a person intends to be away from Great Britain for more than 4 weeks then Council Tax Support would end on the day they leave home. Certain occupations will be exempt such as armed forces.

32. Time temporarily absent within Great Britain will remain the same.

33. No current CTS recipients would be affected by this change on 1 April 2017. It would only affect claimants if at some future point they spent more than four weeks outside Great Britain.

34. Therefore as at 1 April 2017 this change will not deliver any savings to the cost of the CTS scheme.

35. There are equalities issues arising from this proposal. The DWP equality analysis of this measure in Housing Benefit identifies that there may be a greater impact on Asian ethnicity and that this could result in a disproportionate impact on certain religious groups. The proposal would also be problematic and burdensome to administer.

There are no equalities implications for this proposal if it is rejected.

It is recommended that this proposal is rejected.

Other options

36. We also consulted on alternative ways of helping to pay for the Council Tax Support scheme rather than reducing support.

Statement 1 – Increase in Council Tax

We asked if people would be willing to pay more Council Tax to help pay for the Council Tax Support scheme.

72% agreed or strongly agreed that they would be willing to pay more Council Tax.

An increase in Council Tax would increase the overall cost of the scheme as each recipient would be entitled to a higher award. This would reduce the value of the increase.

It is recommended that this option is not pursued to help pay for the scheme.

Statement 2 – Service cuts

We asked if the level and range of local services should be reduced to help pay for Council Tax Support.

82% of respondents did not want to see a reduction in the services provided by SSDC for this purpose.

It is recommended that this option is not pursued to help pay for the scheme.

Cost of CTS scheme

37. The number of recipients of CTS has continued to fall during 2016/17 in both the working age and pensioner groups which reduces the overall cost of the scheme. However it is very difficult to determine how long this trend might continue.

38. The cost of the scheme will increase where SSDC and other preceptors put up their share of the Council Tax.

Legislation Changes – Prescribed requirements

39. As at the time of writing we are awaiting details of changes to the prescribed requirements – these are elements of the scheme that are set by central government. Confirmation that these have been received will be given as a verbal update and a revised draft of the scheme will be sent to members.

Hardship Scheme

40. A Hardship Scheme was set up as a safety net for households who could demonstrate they could not afford to pay their Council Tax contribution following the introduction of the SSDC Council Tax Support Scheme.

41. The level of demand in 2016/17 suggests that a Hardship Scheme budget of £30,000 for 2017/18 should be sufficient. This spend is monitored monthly and reported to members each quarter.

Council Tax Collection Rate

42. It was anticipated that the in-year council tax collection rate would fall as a result of the introduction of the CTS scheme in April 2013.

43. There were also a number of changes to Council Tax discounts and exemptions introduced from April 2013 which impacted on the in-year collection rate.

44. The in-year collection rate fell in 2013/14 and again in 2014/15. However, collection performance improved in 2015/16 by 0.21% and this has been matched so far this year despite the total value of Council Tax to be collected rising by £5.1 million (5.9%) compared with last year. We are anticipating a very small rise in the collection rate by the end of the financial year as there are more taxpayers opting to pay over 12 months than last year. This means that we expect to receive more Council tax during February and March 2016 than in those months earlier this year.

45. This suggests that the current Council Tax Support scheme design is not adversely impacting collection rates.

Risks

46. The continued risk is that demand could rise and the current reductions we are seeing in the number of recipients reverses with a downturn in the economy. There is also a risk that reductions in other welfare support might result in an increase in entitlement to Council Tax Support. We will take any such changes into account when considering the Council Tax Support scheme for 2018/19 and beyond. It should be noted that the Task and Finish Group have raised concerns about the ability to make further reductions in the level of Council Tax Support in future years as the burden is placed solely on the working age recipients while the Government continues to protect pensioners. The Task and Finish Group have also stated that they would like to explore an alternative council tax discount scheme for 2018/19.

Financial Implications

47. If members agree the recommendations set out in this report there will be no financial implications associated with this report. An estimate of the costs of the CTS scheme along with assumptions for the number of new properties and council tax levels has been reflected within the Council Tax Base for 2017/18.

48. The main reason for review is to ensure that no groups are disproportionately affected by the scheme while balancing the expectations of the Council Tax Payer, the needs of low income households and the available resources.

Council Plan Implications

49. Council Plan 2016 – 2021:
Health and Communities - Support residents through national benefit changes including universal credit

Carbon Emissions and Climate Change Implications

50. None associated with this report

Equality and Diversity Implications

51. An equalities impact was carried out as part of the introduction of the Council Tax Support Scheme, which has been reviewed and updated for the proposed 2017/18 scheme.

Privacy Impact Assessment

52. None associated with this report

Background Papers

- Report to District Executive – January 2016 Item 6
- Report to District Executive – January 2015 Item 8
- Report to District Executive – December 2014 Item 10
- Report to District Executive – January 2013 – item 8

Stage 2:

Outcome of Summary Statement	Summary Statement
High Impact	

Equality Analysis - Council Tax Reduction Scheme

Date of EqA:	2/3/12	EqA Review Date:	2/12/13	EqA Lead Officer:	Jo Morgan

Part A - Purpose:

Date	Why are you creating the EqA?	What are the main purposes and aims of the policy, strategy and service area?
2/3/12	Budget/ financial decision	Local Support for Council Tax (replacement for Council Tax Benefit) On 17 May 2012 the Department for Communities and Local Government published a document "Localising Support for Council Tax - A Statement of Intent" which contains the following introduction. At Spending Review 2010 the Government announced that it would localise support for council tax from 2013-14, reducing expenditure by 10 per cent. The Government is committed to retaining council tax support for the most vulnerable in society and taking forward plans for councils to develop local council tax reduction schemes. The Welfare Reform Act 2012 contains provisions for the abolition of council tax benefit, paving the way for new localised schemes. This reform is part of a wider policy of decentralisation, giving councils increased financial autonomy and a greater stake in the economic future of their local area. Lifting the poorest off benefits, by supporting them into work is a key Government objective. Local authorities will have a strengthened financial stake in ensuring local schemes support this aim and help to deliver the positive incentives to work that will reduce poverty and reliance on support for council tax in the long term. The Government believes that it is right to protect council tax support for vulnerable pensioners and that this should not be affected as a result of the introduction of this reform. The elderly cannot go back to work - they have saved and worked hard all their lives: they deserve dignity and security in retirement. The Local Government Finance Bill was introduced to Parliament on 19 December 2011. The Bill makes provision for the localisation of council tax support in England by imposing a duty on billing authorities to make a localised council tax reduction scheme by 31 January 2013 and to consult with major precepting authorities and such other persons as it considers likely to have an interest in the scheme about the scheme. The Government has also taken powers in the Bill to prescribe certain classes or

groups who must receive reductions. This will include classes of eligible pensioners, based on the same factors that have determined pensioner eligibility and award under the council tax benefit system. Further powers in the Bill allow the Government to prescribe a default scheme which will take effect if a billing authority has not made a scheme by 31 January 2013, so that they can still administer council tax reductions.

The Government will allocate funding to billing and major precepting authorities to support the provision of the localised schemes.

The Welfare Reform Act 2012 which received Royal Assent on 8 March 2012 abolished the national Council Tax Benefit Scheme with effect from 1 April 2013. The Local Government Finance Act 2012 (which received Royal Assent on 31 October 2012) amends the Local Government Finance Act 1992 to require Local Authorities to design and adopt a local Council Tax Reduction scheme by 31 January 2013 with an implementation date of 1 April 2013. Failure to set a scheme will result in the Government imposing the 'Default Scheme'. Government will set the entitlement and award criteria for people who have reached the qualifying age for State Pension Credit, but have given Local Authorities flexibility in setting criteria for people of working age. The policy is expected to realise national savings of between £480 and £500 million.

1. Timescale for delivery
The local scheme must be set on or before 31 January 2013. The Government timetable for preparation and implementation of a scheme is extremely challenging and there is a risk that the implementation date cannot be met. Scheme design cannot commence until the funding arrangements are confirmed, both in terms of how much grant we will receive for 2013/14 to award to claimants, and crucially the level of administration grant we will receive. If a scheme has not been set by this date, then Government will impose the 'Default Scheme', which is essentially the current Council Tax Benefit Scheme but with the stated funding cut of approximately 10% leaving the authority, and the major precepting authorities with a budget shortfall.

2. Funding arrangements
Government funding for the local scheme awards in 2013/14 will be approximately 10% lower than the council tax benefit awarded in 2010/11 (£10.1m), for South Somerset this is a reduction of approximately £1 million. We estimate that spend for 2013/14 under the current benefit scheme would be £11 million, given the increasing caseload, effectively representing a further loss of up to £1 million. At present we have no indication what the administration grant will be for this scheme, but local authorities are already seeing this cut year on year. For SSDC it will be £50,000 lower in 2012/13 than in 2011/12. [We now know that it has been cut by a further £84k for 2013/14].

3. Next steps
Officers from the five Somerset District Councils will attempt to design a county-wide scheme and have been tasked by Members with designing a 'cost-neutral' scheme. They will meet to identify possible measures that will reduce the cost of providing Council Tax support in the local scheme. Some or all of those measures will then be put out to public consultation (Which measures are

		consulted on will be determined by the Scrutiny Task and Finish Group). This Task and Finish Group will be a cross party group and will carry out a Scrutiny role, working in parallel with the Officer Group throughout the duration of the project. We will consult the major precepting authorities first (in line with the rules set out by Government), followed by a public consultation. The methodology for this is set out below. Current Council Tax Benefit (CTB) Recipients. We will send all current working age CTB recipients a paper copy of the consultation form as this is the group that would be directly affected by the proposed local scheme. This can be returned to one of our offices or using a FREEPOST address. The consultation form will also be made available in easy read format and both formats will be available to be completed on-line. All SSDC residents. We will send a postcard to all households in South Somerset raising awareness that the consultation is taking place and directing them to either our website for more information about the proposals and to complete an on-line form, and that paper versions (including the easy read format) are available from all SSDC offices or by request. Drop-in sessions. We will hold four drop-in sessions, one in each area of our district to enable residents to find out more about the proposals, ask questions, and complete a consultation form. Consultation Helpline. We will set up a consultation helpline offering advice to residents about the scheme proposals and help with completing a consultation form. Further awareness raising. We will use posters to raise awareness of the consultation process, and these will be displayed in all SSDC offices, and sent to all 121 Town and Parish Council Clerks, libraries, Children's Centres and major supermarkets. Other measures. We will engage with voluntary groups through our Equality Steering Group and the South Somerset Association for Voluntary and Community Action and invite a response from them, together with members of the clergy. Analysis. The consultation will invite respondents to indicate whether they agree or disagree with each proposal along with a free text box to tell us how the proposal would impact on them. An analysis of both the quantitative and qualitative responses will be undertaken.

		Setting a scheme. A report will be taken to elected members together with an evidence base for a decision to be made on the design of the South Somerset Council Tax support scheme in December 2012. Outcome of consultation. Profile of respondents A total of 1,185 people responded to the South Somerset Council Tax consultation of whom five were completing it on behalf of an organisation. Charts showing the characteristics of participants are attached in the appendix and summarised below: • Council tax: 85 per cent said they were liable to pay council tax and 40 per cent said they currently received council tax benefit. • Parents: 23 per cent said they had pre-school or school age children in their household. • Armed forces: only five individuals said they currently served in the armed forces. • Ethnicity: 97 per cent described themselves as White. The next largest groups were White Other (2 per cent) and Asian (1 per cent). • Religion or belief: 61 per cent said they had a religion or belief. • Carers: 19 per cent said they provided care for someone such as a parent, child or elderly person. • Disability: A quarter (25 per cent) considered themselves to have a disability. • Sexual orientation: 98 per cent said they were heterosexual and one per cent were gay men. • Age: Nearly two-thirds (65 per cent) were aged between 35 and 64, the remainder were 18-34 (11 per cent) or 65 and over (24 per cent). • Gender: 53 per cent of respondents were female and 47 per cent male. South Somerset Equalities Profile (produced September 2009) Ethnicity - White 97.1% 0.8% Mixed White 0.8% Asian or British Asian Religion or belief - 78.75% said they had a religion or belief Disability - approx. 18.2% reported having a long term limiting illness, health problem or disability limiting activities or work (2011 census) (was approximately 17% in 2001 census) Sexual orientation - 2001 Census showed 118 people living in same sex couples = less than 1% of population Age - age categories are different to those used in the CTR consultation - Estimate around 45 -50% are aged between 35 and 64 Gender 51% are Female and 49% are Male Gender (Housing and Council Tax Benefit claimants) 58% female 37% male (5% not stated) The profile of our consultation respondents compared with the Equalities Profile [EP] shows a fairly close match across the characteristics. A higher percentage of people aged 35 to 64 responded to the consultation than in the EP, however this is likely to be due to the fact that the changes to Council Tax support will only impact working age claimants as pensioner claimants are protected.

		Summary of the Consultation Responses to the proposed scheme measures for the South Somerset District Council scheme. (the responses do not always add up to 100% due to rounding). They are ordered by level of agreement with the proposal. In the consultation respondents had the option to say strongly agree / agree / disagree / strongly disagree. In the analysis below we have added together those in agreement, and similarly those that disagreed. G: Increase the amount that other adults living as part of the household are treated as contributing towards the Council Tax - 80% responded that they agreed with the proposal, 20% disagreed. H: End Second Adult Rebate for working age people - 80% responded that they agreed with the proposal, 21% disagreed. C: Include all adult maintenance when calculating Council Tax support - 76% responded that they agreed with the proposal, 24% disagreed. F: Include all money received from Boarders when calculating Council Tax support - 74% responded that they agreed with the proposal, 26% disagreed. I: Increase the amounts of earned income which we ignore when calculating Council Tax support - 74% responded that they agreed with the proposal, 27% disagreed. A: To restrict the maximum amount of support we can award to 75% (or ¾) of the Council Tax charge - 68% responded that they agreed with the proposal, 31% disagreed. B: All child maintenance received will be included when calculating Council Tax support - 63% responded that they agreed with the proposal, 37% disagreed. D2: Ignore Child Benefit for the first child, but include Child Benefit for any other children in the household when calculating Council Tax support - 52% responded that they agreed with the proposal, 48% disagreed. D1: Include all Child Benefit when calculating Council Tax support - 48% responded that they agreed with the proposal, 52% disagreed. In the evidence section of this EqA we have included the analysis report that covered the Somerset area (note that Sedgemoor had a different scoring system and so have not been included). Number of cases (working age) affected by each measure.

Proposal A - percentage reduction in the maximum entitlement = 6123 all cases (approximately 4000 of these currently do not pay any Council Tax)
Proposal B - Include child maintenance as income = 306 cases
Proposal C - Include adult maintenance as income = Included with Proposal B
Proposal D1 - Include all Child Benefit as income = 1308 cases
Proposal D2 - Disregard Child Benefit for first child and include Child Benefit for other children as income - NO LONGER POSSIBLE to include this option in scheme (software limitations)
Proposal E - Include all Sub-tenant payments as income = 4 cases
Proposal F - Include all Boarder payments as income = 1 cases
Proposal G - Increase level and scope of non-dependant deductions = 300 cases
Proposal H - Abolish Second Adult Rebate - 74 cases

Proposed changes to the Council Tax Support scheme for 2016/17

By 31st January each year the council is required to set a scheme for the coming financial year. Officers from the five Somerset District Councils, along with a technical expert consultant, have worked together throughout 2015 reviewing current scheme design and considering possible changes to the current South Somerset scheme.

The Scrutiny Task and Finish Group that worked on the original scheme were reconstituted to work with SSDC officers and in parallel with the Somerset Officer Group.

How we decided what to consult on

The Somerset Officer Group put together a list of possible amendments to the 2015/16 scheme, and this list was presented to and considered by members of the Scrutiny Task and Finish Group. The following proposals were agreed to go out to consultation.

The proposals

Proposal A - Reduce the amount of savings you can have and still receive Council Tax Support from £16,000 to £6,000

Proposal B - Introduce a self-employed minimum income

Proposal C - Introduce a Council Tax Band cap

		Proposal D - Increase the Income taper for those not working while keeping the current lower income taper for those in work We also consulted on two alternative ways of helping to pay for the Council Tax Support scheme. Statement 1 – I would pay more Council Tax to help pay for Council Tax Support Statement 2 - The level and range of local services should be reduced to help pay for Council Tax Support. <u>Who and how we consulted</u> We wrote to all households that would be affected by one or more of the proposals, summarising those proposals and directing them to the on-line consultation survey. The letter advised that paper forms were available by calling the council (this was a dedicated consultation helpline) and that an easy read version of the form was also available. We sent an e-mail to 2500 council tax and council tax support households inviting them to take part in the consultation. We included a small poster about the consultation with council tax bills issued over a two week period - approximately 2000 households received this. We included a small poster about the consultation with 500 benefit award letters issued over a three week period. We wrote to a range of groups and organisations seeking their views on the proposals. We issued a press release about the consultation with details about what we were consulting on, how to take part and when it would close. We sent regular messages across social media (Twitter and Facebook) and placed a message banner on the Council's website homepage. We put full details of the consultation on the Benefits web page with a link through to the on-line consultation survey. We wrote to all Town and Parish clerks (121 of them) to make them aware that the consultation was taking place, giving them the

		opportunity to take part and also to aid them if any of their residents raised questions with the town or parish council. We put up posters in all SSDC offices. <u>Number of households affected by each proposal</u> Proposal A - Reduce the amount of savings you can have and still receive Council Tax Support from £16,000 to £6,000 = 83 households affected Proposal B - Introduce a self-employed minimum income = 393 households affected Proposal C - Introduce a Council Tax Band cap = 254 households affected Proposal D - Increase the Income taper for those not working while keeping the current lower income taper for those in work = 311 households affected Statement 1 – I would pay more Council Tax to help pay for Council Tax Support. This would affect all council tax payers = approximately 75,000 Statement 2 - The level and range of local services should be reduced to help pay for Council Tax Support. This would affect service users of affected services. <u>Consultation responses</u> We had a total of 276 responses which gives us a 95% confidence level with 6% margin of error. Proposal A - Reduce the amount of savings you can have and still receive Council Tax Support from £16,000 to £6,000 – 58% stated that they agreed with the proposal, 42% disagreed. Proposal B - Introduce a self-employed minimum income - 46% stated they agreed with the proposal, 54% disagreed Proposal C - Introduce a Council Tax Band cap - 47% stated they agreed with the proposal, 53% disagreed Proposal D - Increase the Income taper for those not working while keeping the current lower income taper for those in work - 57%

stated they agreed with the proposal, 43% disagreed

Statement 1 – I would pay more Council Tax to help pay for Council Tax Support. This would affect all council tax payers - 46% stated that they would be willing to pay more Council Tax

Statement 2 - The level and range of local services should be reduced to help pay for Council Tax Support. This would affect service users of affected services. - 60% of respondents stated they did not want to see a reduction in the services provided by SSDC for this purpose.

Profile of respondents

Answer Options	Response Percent	Response Count
0 to 17	0.0%	0
18 to 24	3.0%	7
25 to 34	12.2%	28
35 to 49	31.3%	72
50 to 64	40.4%	93
65 to 74	8.3%	19
75+	2.2%	5
Prefer not to say	2.6%	6
	answered question	230
	skipped question	46

Answer Options	Response Percent	Response Count
Male	36.1%	82
Female	59.9%	136
Prefer not to say	4.0%	9
	answered question	227
	skipped question	49

Do you consider yourself to have a disability?		
Answer Options	**Response Percent**	**Response Count**
Yes	16.7%	38
No	79.3%	180
Prefer not to say	4.0%	9
	answered question	227
	skipped question	49

Answer Options	Response Percent	Response Count
Mental Health	32.4%	11
Hearing Impairment	14.7%	5
Sight Impairment	5.9%	2
Physical Disability	55.9%	19
Learning Disability	8.8%	3
Other	14.7%	5
	answered question	34
	skipped question	242

Do you provide care for anyone (e.g. a parent, child, other relative, friend who has any form of disability, long term or terminal illness)		
Answer Options	**Response Percent**	**Response Count**
Yes	15.0%	34
No	85.0%	192
	answered question	226
	skipped question	50

How would you describe your ethnic origin?

A) White

Answer Options	English	Welsh	Scottish	Northern Irish	Irish	Gypsy or Irish Traveller	Other White Background	Response Count
I am	194	4	3	0	0	0	8	209

B) Asian or Asian British

Answer Options	Indian	Pakistani	Bangladeshi	Chinese	Other Asian Background	Response Count
I am	0	0	0	0	1	1

C) Mixed / Multiple ethnic Background

Answer Options	White & Black Caribbean	White & Black African	White & Asian	Other Mixed / multiple background	Response Count
I am	0	0	0	1	1

D) Black or Black British

Answer Options	Caribbean	African	Other Black Background	Response Count
I am	0	0	0	0

	Question Totals
E) Other ethnic group (please state)	11
answered question	210
skipped question	66

Are you currently receiving Council Tax Support?

Answer Options	Response Percent	Response Count
Yes	37.7%	86
No	62.3%	142
	answered question	228
	skipped question	48

Are you or your partner?

Answer Options	Response Percent	Response Count
In full or part-time work	70.6%	125
Self-employed	33.9%	60
	answered question	177
	skipped question	99

Do you have pre-school or school age children in your household?

Answer Options	Response Percent	Response Count
Yes	30.7%	70
No	69.3%	158
	answered question	228
	skipped question	48

Are you currently serving in the Armed Forces?

Answer Options	Response Percent	Response Count
Yes	0.9%	2
No	99.1%	223

answered question	225
skipped question	51

Proposed Changes for 2017/18 scheme

Proposal 1 - Removing the Family Premium for all new working age applicants

Proposal 2 - Removing the allowance in the calculation for third and subsequent children born after March 2017

Proposal 3 - Reducing backdating for new claims to one month

Proposal 4 - Reducing the period a person can be absent from Great Britain and still receive Council Tax Support.

We also consulted on two alternative ways of helping to pay for the Council Tax Support scheme.

Statement 1 – Increase in Council Tax

Statement 2 – Service cuts

<u>Who and how we consulted</u>

We included a small poster about the consultation with council tax bills and Housing Benefit/Council Tax Support letters issued over several weeks - approximately 7,500 households received this.

We wrote to a range of groups and organisations seeking their views on the proposals.

We sent regular messages across social media (Twitter and Facebook) and placed a message banner on the Council's website homepage.

We put full details of the consultation on the Benefits web page with a link through to the on-line consultation survey.

We wrote to all Town and Parish clerks (121 of them) to make them aware that the consultation was taking place, giving them the opportunity to take part and also to aid them if any of their residents raised questions with the town or parish council.

We put up posters in all SSDC offices.

Extended by a further two weeks to try to encourage representatives of vulnerable and minority groups to participate.

Number of households affected by each proposal

None of the four proposals in the consultation would have an impact on current recipients on 1 April 2017. They all relate to future changes in circumstances (proposals 1, 2 and 4) or new claims after 1 April 2017 (proposal 3)

We had a total of 51 responses as set out below.

Proposal 1 Removing the family premium for all new working age applicants

	Responses
Strongly Agree	12
Agree	26
Disagree	5
Strongly Disagree	4

Proposal 2 Removing the allowance in the calculation for third and subsequent children born after March 2017

	Responses
Strongly Agree	19
Agree	19
Disagree	6
Strongly Disagree	4

Proposal 3 Reducing backdating for new claims to one month

	Responses
Strongly Agree	7
Agree	17
Disagree	19
Strongly Disagree	5

Proposal 4 Reducing the period a person can be absent from Great Britain and still receive Council Tax Support

	Responses
Strongly Agree	36
Agree	11
Disagree	3
Strongly Disagree	0

Paying for the Council Tax Support Scheme – We would like to give your opinion on the following statement 1 – Council Tax Example – If you live in a Band D property an increase of 1.99% in the South Somerset District Council Charge would cost you an extra £3.00 per year and raise £175,000. In respect of this statement do you :

	Responses
Strongly Agree	15
Agree	22
Disagree	8
Strongly Disagree	6

Service Cuts – The level and range of local services should be reduced to help pay for Council Tax Support. Example – If the council were to reduce support for leisure activities by £175,000 it could affect your local swimming pool, country park or play area, in respect of this statement do you:

	Responses
Strongly Agree	5
Agree	4
Disagree	22
Strongly Disagree	20

Are you currently receiving Council Tax Support?

	Responses
Yes	4
No	46

Are you liable to Pay Council Tax?

	Responses
Yes	48
No	1

Evidence used in the EqA
Child poverty Somerset 2012.pdf
Communications plan - CTR.doc
Vulnerability assessment doc for ESG 26 June 2012 VERSION 1.doc
South Somerset Council Tax Consultation Report Chrysalis Research.docx
The_State_of_Somerset_Final[1].pdf
SCC Council Tax Reduction consultation common questions across Somerset - Chrysalis Research.docx

Evidence

<u>The Task and Finish group met on the following dates:</u>

12 March 2012, 2 April 2012, 17 April 2012, 1 May 2012, 8 May 2012, 22 May 2012, 30 May 2012. The workshop for all members was on 3 July 2012. 18th July 2012, 8 August 2012, 29 August 2012, 19 September 2012, 2 October 2012, 16 October 2012, 22 October 2012, 30 October 2012, 6 November 2012, 13 November 2012, 20 November 2012.

<u>2016/17 Scheme – The Task and Finish Group met on the following dates:</u>

22 January 2015, 19 February 2015, 24 June 2015, 13 August 2015, 24 September 2015

<u>2017/18 Scheme – Task and Finish Group meeting dates:</u>

29 April 2016, 13 June 2016, 23 September 2016, 23 May 2016, 14 July 2016

Part B - Effect on protected characteristic:

Positive Impact(s)/ Mitigation:

	Positive Impact	Positive Impact
	Age	Pensioners. Government has legislated to protect those receiving CTB that have reached the qualifying age for State Pension Credit from the impact of the localisation of Council Tax support. Pensioners are therefore not affected by any of the proposed Council Tax Reduction scheme measures. This protection will also apply to new claims to CTR from pensioners who have not received CTB. Working age. Households with children. The Council has a statutory duty to prevent child poverty under the Child Poverty Act 2010. The 'Applicable Amount', used in the means test, is made up of Personal Allowances and Premiums. There are certain premiums that relate to dependent children up to 16 years old and in certain circumstances dependent young persons up to the age 20. The premiums are: Dependent child/young person Premium £64.99 a week Disabled Child Premium £56.63 a week Family Premium £17.40 These rates are for the 2012/13 financial year and are normally uprated annually. These premiums will be retained in the local scheme. Earnings. In the current CTB scheme there is an earned income disregard for lone parents of £25 a week. In the proposed local scheme this will be increased to £37.50 a week In the current CTB scheme there is an earnings disregard in respect of child care charges of up to £175 a week for one child and up to £300 a week for 2 or more children where the claimant (and partner) meet certain conditions. Principally this is that they work more than 16 hours a week. These disregards are retained in the local scheme. In the current CTB scheme there is an additional earnings disregard of £17.10 a week where the claimant or partner receives the 30 hours element in their Working Tax Credits. This disregard is retained in the local scheme.

		Other working age earned income disregards. The local scheme also proposes to increase the earnings disregard for single people from £5 a week to £10 a week, and for couples from £10 a week to £20 a week.
	Disability	In the Council Tax Benefit scheme (CTB) means test calculation income is compared to the 'Applicable Amount', which is a level set by Government and represents the basic needs level. The applicable amount is made up of personal allowances and additional premiums. There are a number of additional premiums which relate to disability, recognising that there are additional living costs for those who are disabled. The premiums are: Disability Premium - two rates, single person and a couple Enhanced Disability Premium - three rates, single person, couple, disabled child rate Severe Disability Premium - three rates, single person, couple (lower rate), couple (higher rate) Disabled Child Premium These premiums will be retained in the local scheme. Earnings In the current CTB scheme there is an enhanced earned income disregard for those with a disability or someone who has a long term sickness of £20 a week. The scheme proposes to increase this to £30 a week. In addition a weekly earnings disregard applies to people receiving Employment and Support Allowance (Contributory), Incapacity Benefit or Severe Disablement Allowance who are allowed to earn up to £20 a week (lower limit) and £97.50 a week (upper limit) (2012/13 rates) from permitted work without it affecting those benefits. The upper limit of £97.50 is set at 16 times the national minimum wage and therefore increases accordingly. There is an equivalent disregard in CTB. The local scheme will retain this equivalent disregard. In the current CTB scheme the following disability related incomes are fully disregarded: Disability Living Allowance - Mobility component Disability Living Allowance - Care component Any benefit treated as Attendance Allowance These disregards will be retained in the local scheme. Council Tax legislation. Within the Council Tax regulations there is a provision to reduce by one Council Tax Band (A Disabled Band

		Reduction) the charge in certain cases where a premises has been adapted for a person who is substantially permanently disabled. Persons meeting severe mental impairment conditions set out in the Council Tax regulations are exempt from paying Council Tax.
	Gender Reassignment	We do not hold details of claimants or the number of claimants receiving Council Tax Benefit who share this protected characteristic. Gender reassignment is not a factor in determining entitlement to Council Tax Benefit and it will not be a factor in the local scheme. Claimants who have this protected characteristic will not be disproportionately adversely affected by the proposed changes to the Council Tax Benefit scheme in the local scheme design.
	Marriage and Civil Partnership	The current Council Tax Benefit rules specify the following rules for couples for the purposes of eligibility to claim. A couple is defined as; - A man and woman who are married to each other - A man and woman who are not married but live together as 'man and wife' - Two people of the same sex who are married or civil partners - Two people of the same sex who are not married or civil partners but live together as if they were married or civil partners These eligibility rules are retained in the local scheme and those with this protected characteristic will not be disproportionately affected by the proposed local scheme measures. Polygamous Marriages. The current CTB rules contain an additional allowance for each additional member of a polygamous marriage when calculating the applicable for the household. The local scheme will retain the rules for those in polygamous marriages.
	Pregnancy and Maternity	In CTB pregnancy is not a determining factor. This is no addition to a single person or couple applicable amount by virtue of pregnancy. The local scheme does not propose any changes to the CTB rules or new rules. Therefore the local scheme will not disproportionately adversely affect women based on them being pregnant.
	Race	Race is not a factor in determining CTB and will not be in the local scheme. One of the local scheme proposals is to limit the maximum support that can be given to a certain percentage of the Council Tax liability rather than restricting to a Council Tax band. The latter could have had the effect of disproportionately adversely affecting

		people with larger families in higher banded properties. As the former measure is the one proposed the local scheme will not disproportionately adversely affect people based on their race. The Government will define a 'class of persons' who will be excluded from receiving Council Tax Support (in the same way as they do now for CTB). The restrictions will affect foreign nationals with certain immigration status and non-economically active individuals from the European Economic Area. South Somerset D.C. will be bound by the Government's rules.
	Religion or Belief	Religion and Belief is not a determining factor for CTB (save for polygamous marriages) and will not be a determining factor for the local scheme. The additional allowance present in CTB for members of a polygamous marriage in the calculation of the applicable amount will be retained in the local scheme. Claimants will not be disproportionately adversely affected by the proposed local scheme measures.
	Rural Isolation (i.e. Carers and Armed Forces Communities)	Carers. In the calculation of the applicable amount for the means test a single person is entitled to a premium on top of their personal allowance (the Carer Premium) if they are entitled to the Carers Allowance. In the case of a couple, they can get one Carer Premium if one of them is entitled to Carers Allowance, or two if they are both entitled to it. In the case of a polygamous marriage a Carer Premium is awarded for each member of the marriage who is entitled to Carers Allowance. Armed Forces Communities. Under a local scheme SSDC currently disregards in full War Widows and War disablement pensions, together with Armed Forces Compensation Scheme payments, and we will continue to do so in the local Council Tax Reduction scheme.

	Sex	Overall SSDC has a greater number of single male than single female CTB claimants; however there are slightly more single female claimants in the Working Age (other) group. There are significantly more female lone parents to male lone parents, where the ratio is approximately 9 to 1. As a consequence of the caseload make-up, more females will be affected by some of the proposed measures in the local scheme than males. In particular this will be the proposed removal of the disregard of Child Benefit and Child Maintenance. These measures mean that those incomes would be taken into account in the calculation of entitlement to Council Tax support. The means test calculation is progressive resulting in a larger reduction in support the higher the income received. Sex (gender) is not a determining factor in determining CTB and it will not be in the local scheme. Therefore, claimants will not be disproportionately adversely affected by the proposed local scheme on the basis of their sex (gender).
	Sexual Orientation	Sexual orientation is not a determining factor for CTB and will not be a determining factor in the local scheme. Claimants with this protected characteristic will not be disproportionately adversely affected by the proposed local scheme measures.

Negative Impact(s) that require no action:

	Type	**Negative Actions that require No Action**
	Age	Working age - The Government have legislated that if the funding reduction is passed on to current Council Tax Benefit recipients, it cannot be passed on to those claimants who have reached the qualifying age for State Pension Credit and it is therefore the working age group who would be expected to bear the cost. Families with children - low income families may be disproportionately affected [mitigation “The increase in the earned income disregard will help working families on a low income”. The proposal to include Child Benefit as an income was not taken forward.”] Adult child living at home - expectation that the person that pays the Council tax will pay a higher contribution based on that adult child's income (i.e. the higher their income the greater the contribution they would be expected to pay). It is also proposed to introduce non-dependant deductions in cases where that non-dependant receives a passported benefit (currently they are not expected to contribute anything) This could lead to adult son/daughter being asked to leave if they choose not pay the contribution. Lone parents - low income households

		<u>Added for 2016/17 scheme proposals</u> A high proportion (40%) of CTS recipients who are self-employed are lone parents which may be due to their caring responsibilities and who could be disproportionately affected by the proposal to introduce a self-employed minimum income. The recommendation is that this proposal is not included in the 2016/17 scheme. <u>Added for 2017/18 scheme proposals</u> Removal of the Family Premium - Couples with children and lone parents who claim on or after 1 April 2017 would receive less CTS than those in receipt of CTS (whose applicable amount includes a Family Premium) on 31 March 2017. The recommendation is that this proposal is not included in the 2017/18 scheme.
	<u>Disability</u>	Some people with disabilities may require a larger house to meet adaptation requirements Can be more dependent on benefits as a result of disablement <u>Added for 2016/17 scheme proposals</u> A significant proportion of those in the non-working group are unable to move in to work and receive long-term out of work benefits. The proposal to increase the income taper in the non-working group would have a detrimental effect on those unable to increase their income by moving into work. The recommendation is that this proposal is not included in the 2016/17 scheme.
	<u>Gender Reassignment</u>	
	<u>Marriage and Civil Partnerships</u>	
	<u>Pregnancy and Maternity</u>	
	<u>Race</u>	Larger families part of culture Employment patterns and earning levels are different for different ethnic groups - could have disproportionate impact of some groups

		Added for 2016/17 scheme proposals One of the proposals is to restrict the liability used in the calculation of council tax support to a Band C. This might have had a detrimental impact on families from minority ethnic groups who have larger families are part of their culture. Analysis of the 43 larger families who would be affected by the proposal shows that: 33 households have indicated they are white British, 2 households British, 1 household white Irish and in the other 7 cases we do not hold details of their ethnic group. Larger families are those with four or more children. Added for 2017/18 scheme proposals Proposal - Reducing the period a person can be absent from Great Britain and still receive Council Tax Support. There are equalities issues arising from this proposal. The DWP equality analysis of this measure in Housing Benefit identifies that there may be a greater impact on Asian ethnicity and that this could result in a disproportionate impact on certain religious groups. The proposal would also be problematic and burdensome to administer. The recommendation is that this proposal is not included in the 2017/18 scheme.
	Religion or Belief	
	Rural Isolation (i.e. Carers and Armed Forces Communities)	Carers may be more dependent on benefits as it is more difficult to undertake work in addition to their caring responsibilities.
	Sex	
	Sexual Orientation	

Negative Impact(s) that require action and any other appropriate actions:										
Type		**Negative Impact Name (if applicable)**	**Impact Detail (if applicable)**	**Action Required (if any)**	**By When?**	**Resource**	**Outcome**	**Performance Measure**	**Status**	**Progress**

Part C - Conclusion:

Date	Conclusion	Comments
5/12/12	Adjust the policy/ amend service	

Supporting Documentation/ Links

Equality Steering Group Notes June 2012 V1.pdf

<table>
<tr><th>GED met?</th><th>Please comment/ explain how you will meet the General Equality Duty (GED)?</th></tr>
<tr><td>Yes</td><td>The GED has been met by ensuring a comprehensive an inclusive approach to consultation on the proposed CTR scheme measures. We have engaged with our Equality Steering Group who endorsed our approach. We have raised awareness of the consultation in a variety of ways and offered a wide range of opportunities for all interested parties to take part and give us their views for consideration.

<u>Added for 2016/17 scheme proposals</u>

The GED continues to be met by ensuring a comprehensive and inclusive approach to the consultation of the proposed amendments to the Original CTR scheme. We have considered the possible impact of those proposals on each of the protected characteristics, how they might affect our current CTR recipients, and reflected this in the recommendations for the proposed amendments.

<u>Added for 2017/18 scheme proposals</u>

The GED continues to be met by ensuring a comprehensive and inclusive approach to the consultation of the proposed amendments to the Original Council Tax Support (CTS) scheme. We have considered the possible impact of those proposals on each of the protected characteristics, how they might affect our current CTS recipients, and reflected this in the recommendations for the proposed amendments.</td></tr>
</table>

Part D - Sign Off:		
Person	**Approved?**	**Day**

Equality Steering Group Sign Off Date	Comments
13/9/12	Equality Steering Group (ESG) initial consultation took place on 26 June 2012. The objective for this initial consultation is to seek the ESG's views on: -The proposed scheme Principles -Possible measures for each Principle -Possible mitigation of the impact of the measures -The consultation process A number of case studies were to help the ESG look at implications and possible impact of Principles on any of the Protected Characteristics. A full discussion was held with all comments taken into account and passed on to members to inform their decision making process. Added for 2016/17 scheme proposals The Equality Steering Group was consulted on proposals for changes to the current scheme which will take effect from 1 April 2016. Responses to the consultation were considered by the Task and Finish Group when making their recommendations.

Stage 2 Community Cohesion Officer Approval	Date and Comments
Jo Morgan	05/12/12 For 2016/17 scheme – 24/09/2015

Proposal: Limit allowances to 2 children only

From April 17 the Government is proposing to limit Child Tax Credits and the Child allowance in HB and Universal Credit to 2 children for new claims with 3 or more children or when a new child is born to a current claimant with two or more children

Mrs C is a lone parent, she has just given birth to her 3rd child, she is in receipt of Maternity Allowance, Child Tax Credit and Child Benefit. She lives in a band B, 3 bedroom property.

Council Tax Liability £1204.30
Single person discount £301.08
Weekly council tax liability £17.32 Maximum eligible Council Tax (85%) £14.72

Entitlement before 3rd child born

Income:		**Applicable Amount:**	
Maternity Allowance	£139.58	Lone Parent Allowance	£ 73.10
Child benefit x2	£ 34.40	Child Premium (66.90 x 2)	£133.80
Child Tax Credit	£117.50	Family Premium	£ 17.45
Total Weekly Income	**£291.48**	**Total Applicable Amount**	**£224.35**
Disregarded Income		Total weekly Income	£291.48
Child Benefit	£34.40	Disregarded Income	£34.40
		Total eligible weekly income	**£257.08**

Weekly Income less Applicable Amount £257.08 - £224.35 = excess income £32.73
Weekly eligible Council Tax £14.72
Taper, 20% of excess income £6.55
Weekly CTS award £8.17

Calculation if proposal is adopted: **3rd child is born**

Income		**Applicable Amount**	
Maternity Allowance	£139.58	Lone Parent Allowance	£73.10
Child Benefit x3 (no Limit)	£ 48.10	Child Premium (66.90 x 2)	£133.80
Child Tax Credit (limited) *	£117.50	Family premium	£17.45
Total Weekly Income	**£305.18**	**Total Applicable Amount**	**£ 224.35**

*(*loss in weekly income due to Child Tax Credit limit: up to £53.48 for third and each subsequent child)*

Disregarded Income		Total weekly Income	£305.18
Child Benefit	£48.10	Disregarded Income	£48.10
		Total eligible weekly income	**£257.08**

Weekly Income less Applicable Amount £257.08 - £224.35 = excess income £32.73
Weekly eligible Council Tax £14.72
Taper, 20% of excess income £6.55
Weekly CTS award £8.17

Calculation if proposal not adopted: 3rd child is born

Income		**Applicable Amount**	
Maternity Allowance	£139.58	Lone Parent Allowance	£ 73.10
Child Benefit (no limit)	£ 48.10	Child Premium (66.90 x 3)	£200.70
Child Tax Credit (limited)	£117.50	Family premium	£ 17.45
Total Weekly Income	**£305.18**	**Total Applicable Amount**	**£291.25**
Disregarded Income		Total Weekly income	£305.18
Child Benefit	£48.10	Disregarded income	£ 48.10
		Total eligible weekly income	**£257.08**

Weekly Income less Applicable Amount £257.08 - £291.25 = excess income £0.00
Weekly eligible Council Tax £14.72
Taper, 20% of excess income £0.00
Weekly CTS award £14.72

Appendix 3

Monitoring SSDC Council Tax Support Scheme

Report and Findings of the Overview and Scrutiny Task and Finish Group

December 2016

Chair’s Foreword

As part of Central Governments Welfare Reform Bill in 2012:

- Council Tax Benefit was abolished; the responsibility of helping low-income households pay their Council Tax was transferred to Billing Authorities. This was delivered with the creation of a local scheme to be known as Council Tax Support (CTS). The scheme has to protect pensioners as they were previously in 2012/13 but provided councils with autonomy to create a new scheme for working age households.

- Central Government reduced the grant to help low-income households pay their Council Tax by ten percent.

At this time the Overview and Scrutiny Committee recognised the significance and potential impact this could have on the residents of South Somerset and conducted a very thorough review and produced a report and recommendations[1] detailing:

- Specific recommendations that would form the basis of the new localised scheme
- Potential risks and mitigation measures
- Monitoring arrangements

Since the scheme was implemented in April 2013 Central Government have revised the funding arrangements. The grant that SSDC received to help low income households pay their Council Tax ceased to exist. Since 2015/16 the funding has been included in the Revenue Support Grants; no figure is prescribed or ring-fenced specifically for this purpose and the grants have decreased.

The original report recommended specific monitoring work is undertaken and that the scheme be reviewed if the funding were amended. Last year an Overview and Scrutiny Task and Finish group conducted a thorough review and altered the scheme to make savings[2].

This report details this review process and recommendations for the Council Tax Support scheme for 2017/18.

I would like to take this opportunity to thank the officers who supported us on this review to make informed decisions and produce this report.

Sue Steele

Scrutiny Committee Chair

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[1] http://modgov.southsomerset.gov.uk/Data/District%20Executive/20130103/Agenda/8%20Appendix%202%20-%20SSDC%20Council%20Tax%20Reduction%20Scheme%2003-01-2013.pdf

[2] http://modgov.southsomerset.gov.uk/documents/b5152/Council%20Tax%20Support%20Scheme%20for%20201617%20Appendices%2021st-Jan-2016%2019.30%20South%20Somerset%20District%20Coun.pdf?T=9

Task and Finish Group Membership

Councillor Sue Steele - Chair of Task and Finish Group
Councillor Amanda Broom
Councillor David Norris
Councillor Sue Osborne
Councillor Rob Stickland
Councillor Carol Goodall - As previous Chair was asked to attend in an expert capacity

All members worked collectively with the support of Jo Gale – Overview and Scrutiny Manager and the Project Officer Group:

Ian Potter – Revenues and Benefits Manager
Lynne Joyce – Benefits Team Leader
Mandy Stewart – Benefits Team Leader
Donna Parham – Assistant Director for Corporate and Financial Services
Jo Morgan – Equalities Officer

The Work of the Task and Finish Group

The Task and Finish Group commenced this second review of the Council Tax Support scheme on 29 April 2016 to:

- Consider the outcomes and response from the previous Scrutiny recommendations.
- Review the monitoring work to ascertain if the scheme and associated processes are effective - achieving the original ambitions of the group and are appropriate in terms of resource and cost.
- Identify external legislative and Welfare Benefit changes that may impact on the scheme in terms of its complexity and affordability.

There was no ambition to identify if any further savings to the cost of the scheme as the task and finish group concluded in its review in 2015 nothing else could be done to achieve savings whilst:

- Protecting the vulnerable
- Meeting the ambitions of the task and finish group
- Achieving the original criteria for Council Tax Support prescribed by Government.
- Realistic/proportional administration costs
- Incentivising work or increasing hours of work

The ambitions of the original Task and Finish group were:

- Ensure the scheme is fair and has the minimum impact that is achievable, given the criteria set out by the Government, for all residents of South Somerset, not just those who are currently receiving Council Tax Benefit
- Ensure the scheme has adequate measures to provide stability to the recipients of Council Tax Support.
- Ensure the process is timely, well-evidenced, takes account of members views, any consultation and minimises risks to SSDC
- Ensure the new scheme is accessible and not too complex

The Task and Finish group in collaboration with officers agreed the following set of principles to underpin the original scheme:

- Everyone should contribute something towards the cost of local services through Council Tax
- All income should be included to ensure the scheme is fair
- Greater account should be taken of the total income of a household
- Provide incentives to encourage people into work or increase their hours
- Provide protection for those who may become vulnerable under the scheme ‘Unable to afford basic shelter, food, water, heating and lighting and essential transport’
- Not penalise those that have already saved for the future (to a greater extent than the Council Tax Benefit scheme) This was modified last year to reflect the disregarded threshold of Housing Benefit and to be fairer to Tax Payers who are not in receipt of Council Tax Support

Review of the outcome and responses to the Scrutiny Recommendations from the previous report in 2015.

Members discussed with representatives from the Revenues and Benefits Team the progress that had been made against the recommendations in last year's report with regard to the processes that surround the scheme and will continue to monitor this with the additional recommendations in this report.

Monitoring

This chapter of the report details the monitoring activities the Task and Finish group undertook to establish the effectiveness of the current scheme and associated processes.

Members felt that it was important to continue to learn from the experience of other authorities and sought to identify best practice with regard to scheme design and the collection and enforcement of Council Tax Arrears.

Members reviewed external data and information, and considered the following papers:

- New Policy Institute Council Tax Support scheme data from 2013/14 to 2016/17, this showed how each local authority had amended their individual scheme.
- House of Commons Briefing paper – Council Tax Reduction Schemes – 24 December 2015.
- Three Years On: An Independent Review of Local Council Tax Support Schemes – Eric Ollerenshaw OBE – March 2016
- Joint Strategic Needs Assessment Summary 2016 – Vulnerable Children and Young people.
- Somerset Intelligence – Welfare Reforms: Monitoring the impact on Somerset 2015/16
- Joseph Rowntree – Counting the Cost of Poverty
- English Indices of Deprivation 2015 – Somerset Summary.
- Still too poor to pay – three Years of Localised Council Tax Support In London – Child Poverty Action Group/Zacchaeus.

The risks associated with the scheme were reviewed as the costs for funding this scheme are vulnerable to increasing as a direct result of changes of the economic climate and the impact of wider Welfare Reforms.

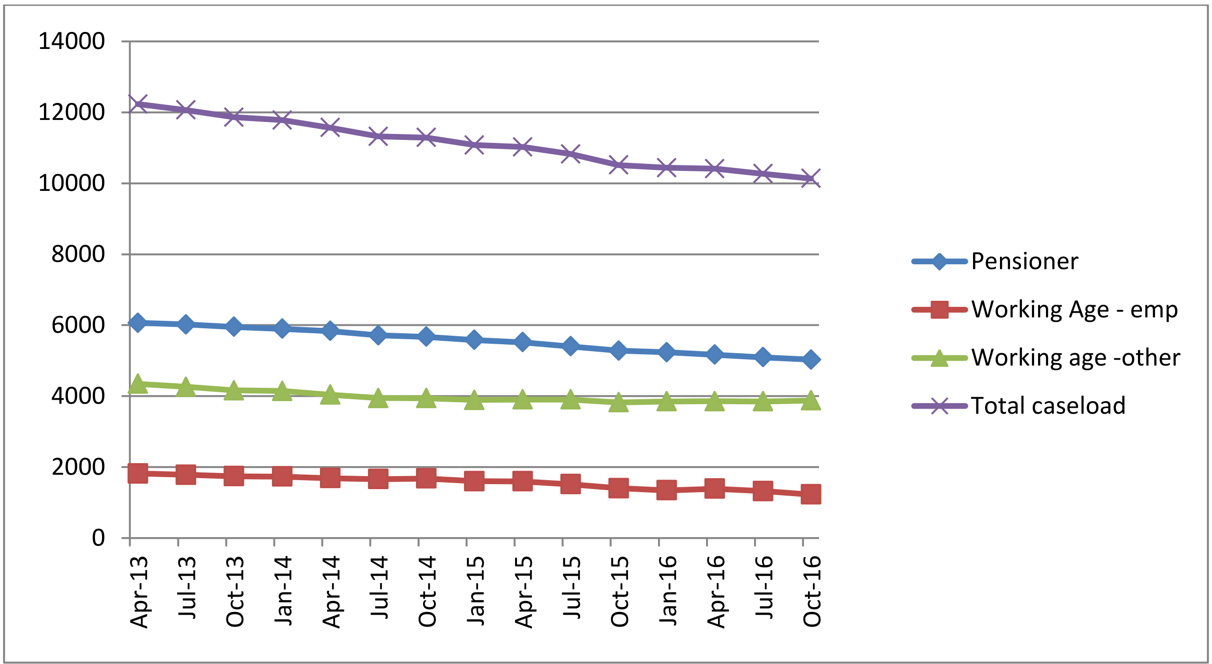
Equalities were considered throughout the entire review process.

Establishing the effectiveness of the current scheme and associated processes

There are many different components that need to be assessed to identify if the scheme is working effectively, each element that has been considered is detailed in this section.

Number of Council Tax Support Recipients

The group reviewed the number of households in receipt of Council Tax Support with a breakdown of pensioner and working-age to assess the financial risk of the scheme to SSDC. (The greater the number of households in receipt of Council Tax Support, the greater the cost to SSDC. As pensionable age households are protected under the old Council Tax Benefit rules this carries a higher cost and therefore a greater risk of which SSDC has no control). The numbers and types of household in receipt of support since the Council tax Support scheme was introduced are presented in the chart below:



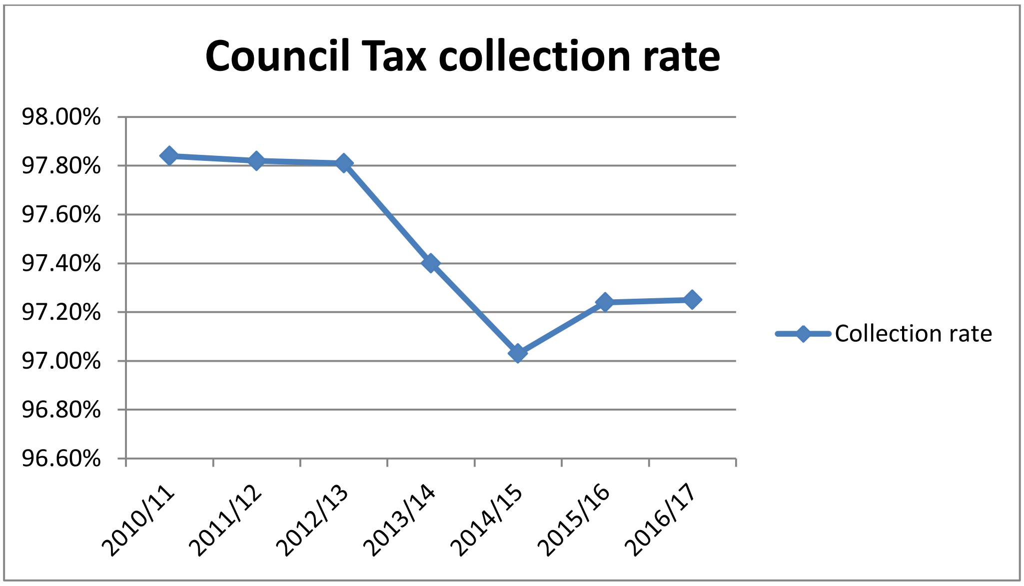
This gradual decline in the number of recipients of Working Age – employed is very reassuring. The Benefits Officers have attributed this to households either moving into work or increasing their hours; consequently there is less dependence on SSDC to help pay their Council Tax.

The number of Working Age – other group recipients (other group represents those who are unemployed or unable to work) has had a slight increase over the course of the last year. The overall total of Working Age households in receipt of Council Tax Support has decreased by over 1000 since the start of the scheme in April 2013.

Council Tax Collection rate

In the original Task and Finish report members recommended that Council Tax collection rates were monitored. (The collection rate is the proportion of all net collectable council tax that has been collected; this shows how much of a gap there is between what SSDC needs to collect and the amount actually collected). This was to assess if the council has adopted appropriate methods to successfully collect Council Tax from new council tax payers and to prevent the authority from any financial risk; the monitoring is carried out every quarter and reported in the Medium Term Financial Plan Quarterly monitoring.

The chart below shows the annual collection rate since 2010 (3 years prior to the introduction of Council Tax Support) for all Council Tax as a percentage and includes the projected collection rate for this financial year. This is not specific for Council Tax Support Cases.



There was a very slight decrease in the collection when Council Tax Support was introduced; however there were other factors:

1. Removal of the second home discount – was 10% of annual charge
2. Introduction of an Empty Homes Premium – 150% of annual charge once empty for 2 years
3. £1m more to collect as a result of moving from Council Tax Benefit to Council Tax Support.
4. Restricted recovery in year 1 of the Council Tax Support scheme 2013/14 - delayed issuing recovery notices and summons. Recovery enforcement action such as attachment of earnings or attachment of benefits was put on hold to provide a transitional period for people to get used to the new rules and for some pay council tax for the first time. This avoided the addition of court costs at an early stage which would have been disproportionately high compared with the council tax due. Payment was offered over 12 monthly instalments instead of the standard 10 to help reduce the monthly payment due
5. Changes to bailiff fee structure from 1 April 2014 resulting in a change to work practices
6. Restricted recovery in 2014/15 due to resource issues and an IT system migration
7. Single person discount review in 2014/15 resulting in the removal of 1173 discounts and an increase of £603K of Council Tax to collect

Each of these factors contributed to the decrease in the collection rate which was in line with Council Tax Collection rates across England. The average collection rates across England for comparison purposes were:

	2011-12	2012-13	2013-14	2014-15	2015-16
Average Collection rate for England[3]	**97.3**	**97.4**	**97.0**	**97.0**	**97.1**
SSDC Collection rate	**97.82**	**97.81**	**97.4**	**97.03**	**97.24**

[3] Department of Communities and Local Government

The SSDC collection rate for this year is projected to be 97.25% up .01% on last year. Members hope this can be further improved upon, learning from exemplar authorities such as Lambeth who invested in measures to try to prevent non-payment of Council Tax and achieved a collection of 93% in 2015/16 for those in receipt of Council Tax Support. However this has to balance with the costs of collecting, Councillor Paul McGlone, Deputy Council Leader for Investment and partnerships, London Borough of Lambeth explained the interventions to achieve the excellent collection rate had been intensive in terms of cost and officer time.

Recommendation: Revenues Officers contact Lambeth Council with regard to their new Income and Debt Policy and explore the new processes and interventions they have adopted to look to further improve SSDC collection processes and ultimately the collection rate.

Cost of the scheme

The cost of the Council Tax scheme since it has been in operation is detailed below:

2013/14 £9.359 million

2014/15 £8.882 million

2015/16 £8.219 million

2016/17 £8.496 million (cost as at 30 Nov 2016)

The values are as at 31 March each year apart from current year. Each year the cost of the scheme falls throughout the year so 2016/17 is likely to finish the year at a lower cost than at 30 Nov 2016.

In 2016/17 all the major preceptors increased their charges and both the Somerset Rivers Authority and Adult Social Care charge were introduced.

To date the scheme has been affordable whilst maintaining the objectives in the Council Plan and the ambitions of the Task and Finish group. The reducing costs and the improving collection rate are both reassuring and positive; however it is very difficult to identify how much of this is due to good practice and how much is down to the improvement in the economic climate. The risk is always the potential downturn in the local economy and this is not possible to mitigate, it is just a case of adopting policy and working practices that achieve the best collection rate whilst protecting those who are financially vulnerable.

The cost in real terms to recipients of Council Tax Support was reported by the New Policy Institute as an average decrease of £155.00 for South Somerset District Council, £196.00 for the South West and £169.00 nationally compared to what would have been provided if Council Tax Benefit had continued.

Based on this evidence Members considered if the SSDC scheme could perhaps be altered to reduce the costs of the scheme further and decided to revisit the minimum payment and test the Task and finish groups conclusions last year - Nothing else could be done to amend the scheme to achieve savings whilst:

- Protecting the vulnerable
- Meeting the ambitions of the task and finish group

- Achieving the original criteria for Council Tax Support prescribed by Government.
- Having realistic/proportional administration costs
- Incentivising work or increasing hours of work

Members considered if the scheme should be altered in terms of amending the minimum payment. (Currently the scheme asks everyone to contribute something and support is calculated on a maximum award of 85% leaving a minimum payment of 15%).

Based on evidence that showed a correlation between collection rates decreasing where the Maximum support is 80% or lower, members reviewed the impact of a 2.5% decrease in the maximum level of support to 82.5%. The impact at a resident's level was explored and examples are provided below:

A CTS claim for a property in Castle Cary that is capped at band C currently pays £1,450.00, if the maximum support was decreased to 82.5% the liable person would have to pay an additional £36.25 per year or 70 pence per week.

A CTS claim for Brympton currently pays £1,350 per year, if the maximum support was decreased to 82.5% the liable person would have to pay an additional £33.75 per year or 65 pence per week.

The impact will vary for each parish as they set their own precept.

The total net impact was approximately a £200,000 saving – the SSDC share of this is approximately £20,000. The group discussed if this was a worthwhile adjustment/saving given the numbers of people that are just managing and the benefit a year of stability would provide those recipients. Members agreed they could not justify this adjustment/saving for this year based on:

- The evidence documenting the correlation between minimum payment levels and potential decrease in the collection rates.
- The cost of living in real terms not reducing since the detailed reviews considering affordability (based on an internal desktop exercise) and the additional costs that can be attributed to living in a rural area with infrequent public transport.
- External evidence from several sources documenting the impact of other welfare reforms on families being a reduction of income ranged between £525 per year and £1,000 per year increasing to £1,300 in 2020.

Members felt given the changes in other benefits and this potentially making it harder to collect Council Tax that it was worthwhile examining increasing the support to 87.5% making the minimum payment 12.5 % in place of 15%:

A CTS claim for a property in Castle Cary that is capped at band C currently pays £1450.00, if the support was increased to 87.5% the liable person would have to pay £36.25 less per year or 70 pence per week.

A CTS claim for Brympton currently pays £1,350 per year, if the support was increased to 87.5% the liable person would have to pay £33.75 less per year or 65 pence per week.

The impact will vary for each parish as they set their own precept.

The group questioned if people had to pay 65/70 pence per week less Council Tax if it would make a beneficial impact to people's well-being and could prevent people falling into arrears or becoming financially vulnerable, members concluded not to pursue this option because:

- There is no evidence to suggest affordability is an issue across the board.
- A 65/70 pence reduction would not make enough of a difference to those who are struggling to pay their Council Tax (based on the data provided when people require additional support in the form of the discretionary hardship fund and those who are subject to recovery action).
- More analysis/monitoring needs to be done to measure the impact of the wider changes to National Benefits to understand the impact this is having on people's ability to pay their Council Tax – the outcome of this monitoring work needs to be reported back to Central Government – The task and finish group recommend that SSDC share analysis and case study based examples where it shows affordability is an issue due to the impact of the wider Welfare Reforms and considers developing an anti-poverty strategy.
- It's not fair that SSDC Tax Payers and stakeholders have to pay more for the same services due to the impact of Wider Welfare reforms

Discretionary Hardship

The original Task and Finish report recommended, creating a hardship fund for those people who are financially vulnerable and that awards are monitored in terms of identifying trends.

Year	No. of requests	Awarded	Not Awarded	Total paid
13/14	171	121	50	11,292.82
14/15	152	115	37	11,581.32
15/16	163	136	27	14,551.14
16/17 (at 14/12/16)	119	100	19	12,954.63

The Task and Finish group reviewed the analysis that had been conducted by the Benefit Officers of the applications made to the Hardship Fund.

The group carefully considered the circumstances of the applicants to identify if there were any trends, in terms of the numbers of people in the household and what type of income they were in receipt of to identify any trends. No trends were identified and the group were satisfied that the relatively low numbers of awards and the disparity to whom they awarded gave no indication the scheme was the cause of any financial vulnerability.

To date there have been very few applications compared to the numbers of households that are in arrears with their Council Tax. However having read external reports SSDC working practices have already introduced best practice recommendations, for example providing a combined application for both CTS discretionary relief and Discretionary Housing payments (a payment that can be made in additional to someone's Housing Benefit).

The Task and Finish group recommends that Benefit Officers work with the Equalities Officer to consider how best to promote the scheme with 'hard to reach groups' and across the charitable and volunteer sector to further raise awareness of the provision of the discretionary relief.

The Task and Finish Group recommends the Revenues team explore greater promotion or more targeted promotion of the CTS Discretionary Hardship provision.

Members have requested monitoring of the hardship rewards continue. Monitoring this is the best way to identify real financial vulnerability, potential issues with the scheme and potential Council Tax collection problems.

Monitoring Council Tax Arrears

Council Tax Arrears arise when a resident falls behind with their council tax payments. The way that councils pursue missed payments or incomplete varies. The standard procedure is for a council to send two reminders about unpaid council tax before embarking on further collection and enforcement strategies. This may include asking for the entire year's liability to be paid in one instalment, making an application to the magistrate's court for a liability order, an attachment of earning or benefits (where the council collects council tax from the household's income or benefits that the council itself administers). They may proceed with enforcement measures, such as debt collection by bailiffs.

In the last Task and Finish report it was documented that further work needed to be done to analyse the cases that are in arrears where Council Tax Support is being given, this was to best manage the scheme going forward and to ensure SSDC has an effective and efficient approach to collection and recovery.

The Task and Finish group requested to review the Council Tax arrears data for those households that are in receipt of Council Tax Support to identify if there are any trends to suggest any particular group may be disproportionally impacted upon by the scheme and consequently unable to pay their Council Tax.

The Revenues and Benefits Team were limited in the data that could be collected as they had to correlate data from two databases. (The problem with regard to capturing and correlating this data has been sighted in external reports in the Ollerenshaw report there is reference that more needs to be done to assess the impacts of the wider reforms also) Officers worked with members to review a sample of 145 cases, (the equivalent of 5.6% of households in arrears where CTS has been awarded) to examine if there was any trend with regard to household composition, or income. Members were concerned that of the randomly selected sample 17.24% of the group with in excess of £250.00 Council Tax arrears were lone parents, however when this was compared to the percentage of people in receipt of Council Tax Support who are lone parents -18.16% members were satisfied that the arrears cases reviewed showed a proportional representation of the numbers of cases in receipt of Council Tax Support.

At this point it is worth mentioning of the lone parents affected 96% of these were female, we know from recent reports that the welfare benefit reforms disproportionately impact on women and therefore future reviews need to do detailed analysis to monitor to see if the CTS scheme is causing any disproportional impact that needs to be mitigated.

Costs of collecting Council Tax

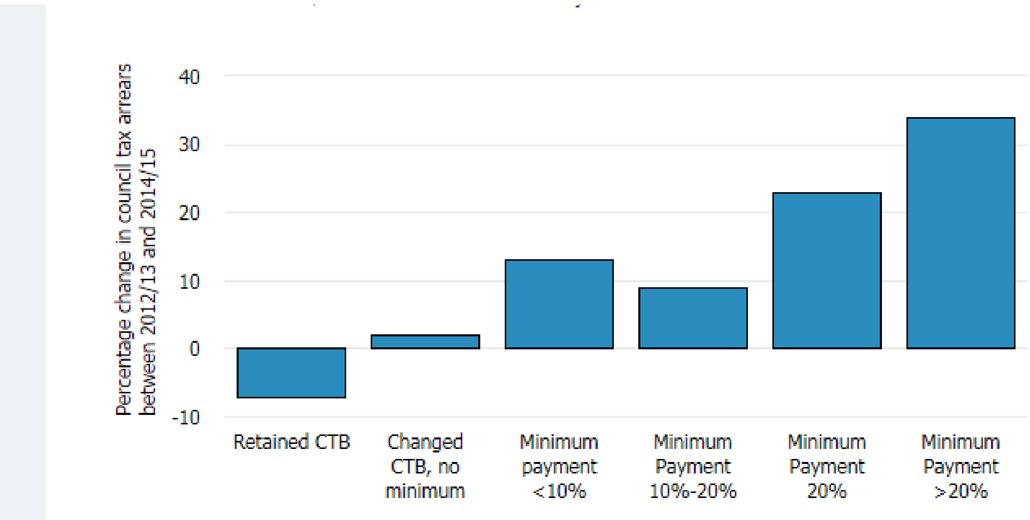
Whilst it is important that SSDC collect Council Tax to pay for local services, we have to be sure that we do not inadvertently spend too much Tax Payers money trying to do so, therefore making the scheme inefficient.

Members considered the following evidence to decide if the scheme and collection processes are effective and the costs are appropriate for recovering un-paid Council Tax:

- New Policy Institute (NPI) think tank article reported 259 councils had introduced a 'minimum payment' and also presented an increasing number of cases ending up in court and the detrimental impact of the additional court fees on low income households.

Correlation between minimum payment and collection rates:

From assessing all the schemes the New Policy Institute and Eric Ollerenshaw OBE have reported a correlation between an increase in Council Tax arrears and having a greater minimum payment.



The graph above shows the change in council tax arrears between 2012/13, the last year of CTB, and 2014/15, the second year of CTS. It shows arrears in respect of council tax liability for the year in question. The bars are grouped according to the scheme in place in each council in 2014/15, by whether they changed the scheme from CTB, whether they introduced a minimum payment, and the size of the minimum payment if one had been introduced. The change in arrears shown controls for change in the amount of council tax that was collectable over this period. It shows that, although arrears include residents who are not in receipt of CTS, those councils with a larger increase in minimum payment saw a bigger increase in arrears among the 45 councils that retained CTB, arrears fell in relative terms by 7%. Among other councils, the increase was smallest across the 36 local authorities that did not introduce a minimum payment, at 2%. For the 69 councils with a minimum payment of 20%, arrears were 23% higher. In the 47 councils with a minimum payment of over 20%, arrears rose 44%. - See more at: http://counciltaxsupport.org/impacts/#sthash.RbGcJ7i3.dpuf

- The SSDC collection costs up to and including the cost of issuing a summons - the cost of collection from 2nd reminder stage onwards is currently £47.00. The cost of the Liability Order is £18.00; the total charge is £65.00 – far less than other areas. The Charge is passed to the Tax payer to recover the additional costs the authority has incurred; this is fair to all tax payers.

- The process to recover arrears and the steps that are taken:
  - The revenues team have really encouraged people to use Direct Debit to pay their Council Tax lessening the amount of officer time require to follow up payments and collecting arrears.
  - The challenge the revenues team face is getting people to engage at the right point- before they receive a summons for non-payment. An information leaflet is sent out to people in arrears explaining the recovery process, when charges are incurred and how important it is to contact the revenues team if they experiencing difficulties paying.

- Where there is an affordability issue, there is the provision of the additional discretionary support, although the promotion of this is limited, (this discretionary hardship provision is also monitored for trends and is detailed on page 10).
- Summons are only issued when a debt has reached an agreed amount and initially the Enforcement Agents “bailiffs” employed by SSDC work as a collection agent so there is no enforcement fee added helping to prevent disproportional costs to arrears and provide a further opportunity to identify those who are vulnerable. The Enforcement agents SSDC employs has a very detailed vulnerable persons policy.

- The Ollerenshaw report which highlighted a key challenge moving forward was identifying those who are in a debt cycle and are unable to pay the Council Tax year on year, Eric Ollerenshaw OBE referred to this as stacking and suggested time needs to be spent with these individuals to identify if this is an affordability issue or a money management problem, in which case the Council Tax payer would benefit from training and advice. This could potentially increase the costs of collection but this could be a short term expense to improve the situation for the Tax payer, SSDC and other preceptors in the longer term, the Task and Finish group recommends an exercise is conducted to identify those households where stacking arrears is occurring and conducts a viability study of the different approaches that could be taken to collection and providing money management and or budgeting advice.

Members concluded appropriate processes are in place but feel more data and monitoring is required to further improve encourage early engagement, preventing increased collection costs for SSDC and Tax Payers incurring additional charges.

The Equality Steering Group, Disabled groups, carers, Gypsy and Travellers, BME communities, people with weak literacy skills, have raised the issue of communication and how Council Tax Support letters are very often very complex and confusing. This results in vulnerable customers failing to read the information and properly understanding the implications.

The Task and Finish group recommends the Revenues and Benefits Officers consider providing a summary front sheet in plain English that details the sum owed/received and how to proceed.

The Task and Finish Group Recommends the Revenues team explore a referral system from external agencies to identify those who could be considered financially vulnerable.

Proposed amendments to the scheme taking account of future changes to the Council Tax Benefit Scheme for Pensioners, Housing Benefit and other National Benefits

One of the Task and Finish groups ambitions for the CTS policy was to make the scheme accessible, part of achieving this was considering how the scheme criteria worked with other Benefits. Benefit Officers reviewed all proposed changes to the national Housing Benefit and Pensioner CTS schemes and provided examples to demonstrate the impact these would have. The Task and Finish group Members carefully considered the following proposed changes:

<u>Proposal 1 - Removing the Family Premium for all new working age applicants</u>

<u>Proposal 2 - Removing the allowance in the calculation for third and subsequent children born after March 2017</u>

<u>Proposal 3 - Reducing backdating for new claims to one month</u>

Proposal 4 - Reducing the period a person can be absent from Great Britain and still receive Council Tax Support.

Members reviewed the impact of each in real terms and concluded despite having reservations about some it would be appropriate to consult on all these potential changes, as it would be better to consider all the evidence and hear the perspective of the Tax payer, Council Tax recipients and group representatives.

Consultation

Members considered how best to consult the South Somerset community with regard to the options to amend the scheme and suggested:

- The consultation should have the same look and feel as the initial consultation including additional questions with regard to Increasing Council Tax and Cutting services to help pay for the Council Tax Support scheme.
- What could be included in the examples that accompany the questions to aid public understanding of what is being proposed and the impact it would have on individual households.

The consultation was:

- Circulated to representatives of vulnerable groups and minority groups.
- Made available on-line and in paper.
- Widely publicised via social media, SSDC website and SSDC public waiting areas.
- Promoted on leaflets included with 4,000 Council Tax Bills and 3,500 Housing Benefit and Council Tax Support award letters.
- Extended by a further two weeks to try to encourage representatives of vulnerable and minority groups to participate.

Post Consultation

56 responses were received, 2 of these were representative of groups.

The group had hoped for a bigger response but concluded; nothing more realistically could have been done to encourage more people to participate in the given timescale without spending a disproportional amount of effort and expenditure to outcome. Members also noted nationally how challenging the consultation requirements are and how difficult it is to get a good representational response. In the Independent Review of Local Council Tax Support Schemes – Eric Ollerenshaw OBE – March 2016 made a recommendation to Government, “The Statutory Consultation requirements should be clarified by Government, so that councils can take less risk –adverse approach. This should make consultations less burdensome on Councils, and more engaging to residents.”

The Task and Finish group recommend Benefits Officers explore the potential of creating a consultative group who can meet to discuss the Council Tax Support scheme. This would provide effective communication ensuring the motivation and potential impact is understood and feedback is insightful.

The group collectively reviewed each option/measure taking into account:

- Consultation results and comments

- Risk – The risks for South Somerset residents, Council Tax Support recipients and the Council
- Equalities – the group gave due regard to the characteristics as set out in the Equality Act 2010, in addition to this fairness and proportionality were considered

Review of Proposals: –

In each of the first two proposals the "Proposed new scheme" is the consultation question. The "Revised proposed new scheme" takes account of the interaction of CTS with Universal Credit as explained earlier within the report.

Proposal 1 - Removing the Family Premium for all new working age applicants

Current scheme: the working age scheme includes a Family Premium in the calculation of the applicable amount for all families with one or more dependent children of £17.45 per week.

Proposed new scheme: new claims starting on or after 1 April 2017 from families with one or more dependent children would not have the Family Premium included in their applicable amount. This would make the scheme rules the same as those already in Housing Benefit and the Pension Age Council Tax Support scheme (which came into effect in April 2016).

In practice - when a CTS recipient has a first child they will receive child benefit and child/tax credits. This will increase their income (Child Benefit is disregarded but child/tax credits are not). In order for them to not lose out on Council Tax Support we would need to continue to award them a Family Premium.

Consultation analysis and Example comments

80.85 % agree or strongly Agree to 19.15 disagree or strongly disagree

92% of the respondents did not receive Council Tax Support and 75.5% did not have Pre-school aged children, these two results could have influenced the agree figures.

Most of the comments received with regard to this proposal spoke of concerns for the families having to manage with too little and the detrimental impact that it could have on children.

Equalities and proportionality

The group were reassured that those who are on a zero hours based contract would not be adversely affected and treated as though having a new claim so could be deterred from working because the assessment takes an average earnings over a period and would not cancel the claim if someone had a good week in terms of hours.

Equalities implications – There are no equalities implications if the revised proposed new scheme measure is approved.

External Evidence

Families are predicted to be greatly affected by a number of Welfare reforms over the coming years, this in itself could make it difficult for families to pay Council Tax Support.

Recommendation

It is recommended that this proposal is rejected.

Proposal 2 - Removing the allowance in the calculation for third and subsequent children born after March 2017

Current scheme: the working age scheme includes an allowance of £66.90 for each child regardless of how many children are in the household.

Proposed new scheme: - The allowance will be limited to a maximum of two for each new claim or existing claims if there is a third or subsequent child born after 31st March 2017. This will mirror the restriction to two children in both Tax Credits and Universal Credit and would make the scheme rules the same as those being implemented in Housing Benefit and the Pension Age Council Tax Support scheme from April 2017.

In practice - A person who is in receipt of Tax Credits or Universal Credit will not get an extra addition for a third or subsequent child where it is born after 31 March 2017. This means the only additional income they will get for the third or subsequent child is Child Benefit.

Child Benefit is disregarded in CTS so if we continue to give an extra allowance in their applicable amount in our CTS scheme for the third or subsequent child the amount of CTS they get will go up as their income is unchanged in the means test. Not awarding an additional allowance will mean CTS entitlement remaining the same.

Consultation analysis and Example comments

79.16 % agree or strongly Agree to 20.83% disagree or strongly disagree

92% of the respondents did not receive Council Tax Support and 75.5% did not have Pre-school aged children, these two results could have influenced the agree figures.

Equalities and proportionality

Equalities implications – There are no equalities implications if the revised proposed new scheme measure is approved.

Recommendation

Members recommend this proposal is approved.

Proposal 3 - Reducing backdating for new claims to one month

Current scheme: a working age claim for Council Tax Support can be backdated for up to 26 weeks. If a customer had a good reason for delaying making an application for Council Tax Support they could have their claim start from a date up to 26 weeks earlier.

Proposed new scheme: reduce the time limit for backdating to one month. This would make the scheme rules the same as those already in the Housing Benefit scheme and other welfare benefits.

No current CTS recipients would be affected by this change on 1 April 2017. It would only affect future claimants.

Therefore as at 1 April 2017 this change will not deliver any savings to the cost of the CTS scheme.

In order for a claim to be backdated the applicant is required to show “continuous good cause” as to why they were unable to make their claim sooner. This could be because they were seriously ill in hospital for example. Limiting the period of backdating could result in the applicant suffering financial hardship at the same time they are experiencing some other form of hardship or crisis.

Consultation analysis and Example comments

50% agree or strongly Agree to 50% disagree or strongly disagree, the majority or people who provided a comment suggested the backdating period should be reduced to 3 months.

Equalities and proportionality

There are no Equalities Implications for this proposal.

Recommendation

Members concluded that it would be unfair to reduce this period given that the backdating is only awarded when good cause is shown and that taking this action could make someone or a family financially vulnerable.

It is recommended that this proposal is rejected because backdating is only provided where good cause is provided.

<u>Proposal 4 - Reducing the period a person can be absent from Great Britain and still receive Council Tax Support.</u>

Current scheme: customers can be temporarily absent from their home for up to 13 weeks without it affecting their Council Tax Support, longer in certain circumstances. This is the same if the absence is within Great Britain or not.

Proposed new scheme: reduce backdating to a maximum of four weeks if the absence is outside Great Britain. This will make the scheme rules the same as those already in the Housing Benefit scheme and other welfare benefits. If a person intends to be away from Great Britain for more than 4 weeks then Council Tax Support would end on the day they leave home. Certain occupations will be exempt such as armed forces.

Time temporarily absent within Great Britain will remain the same.

No current CTS recipients would be affected by this change on 1 April 2017. It would only affect claimants if at some future point they spent more than four weeks outside Great Britain.

Therefore as at 1 April 2017 this change will not deliver any savings to the cost of the CTS scheme.

Consultation analysis and Example comments

94 % agree or strongly Agree to 6 % disagree or strongly disagree

There were comments that suggested the period should be reduced as it was not fair that people could go on holiday abroad for prolonged periods whilst being supported by Council Tax Support. Reasons for acceptable temporary absence are detailed in the scheme, please see Appendix A.

Equalities and proportionality

The group felt where a person was whilst absent was irrelevant and it was more about the reason for the absence which is already prescribed for, for example if someone had become temporarily absent to care for a sick relative should someone who has had to travel abroad to do this be penalised? The group felt this was not fair and could be considered discriminatory and therefore the proposal should be rejected.

Projected Cost Saving

Very difficult to identify a cost saving, there are very few of these cases reported each year, identifying when people are temporarily absent let alone where could be very administratively burdensome and not cost effective.

Recommendation

It is recommended that this proposal is rejected.

Other options

We also consulted on alternative ways of helping to pay for the Council Tax Support scheme rather than reducing support.

<u>Statement 1 – Increase in Council Tax</u>

We asked if people would be willing to pay more Council Tax to help pay for the Council Tax Support scheme.

72.55% agreed or strongly agreed that they would be willing to pay more Council Tax. (92% of respondents did not receive Council Tax Support).

An increase in Council Tax would increase the overall cost of the scheme as each recipient would be entitled to a higher award. This would reduce the value of the increase.

Equalities and proportionality

Increasing Council Tax to Fund or part-funding the shortfall using this option may be justifiable for year one as a transition period. However year on year is a different matter as it may result in the Council not being able to raise enough revenue from Council Tax to maintain or introduce services that benefit the whole community.

The taxpayers are getting less value for money, no extra or improved quality of service for greater cost.

This option means that the residents who pay their Council Tax would face an increase to arguably help subsidise services for low-income families.

Recommendation

Task and Finish group recommend SSDC does not pursue these proposals in fairness to Tax Payers.

Statement 2 – Service cuts

We asked if the level and range of local services should be reduced to help pay for Council Tax Support.

82.36 % of respondents did not want to see a reduction in the services provided by SSDC for this purpose.

Equalities and proportionality

Members commented if services are cut, you are taking away from those who do pay their Council Tax; putting them at a disadvantage this is not fair. (We would also have to look at the equality impacts on each service that was potentially being cut to ensure compliance with the legislation).

Recommendation

Task and Finish group recommend SSDC does not pursue these proposals in fairness to Tax Payers. Also when Council Tax is increased it also increases the cost of the scheme, this can be significant where the County Fire and Police precepts go up also.

Universal Credit

A big unknown is how Council Tax Support will integrate with Universal Credit a standard national benefit; to date there is no detailed guidance. Universal Credit is very different from Employment Support Allowance, Job Seekers Allowance etc. People who claim Universal Credit have an appointment with a work coach to help get them ready for and into work, people have a to do list, including things such as creating a CV, searching for jobs, attending interview etc. this has to be done in order to qualify/receive Universal Credit.

Universal Credit is paid on a monthly basis, this will be a big change for some households who previously would have been receiving various benefit payments on a fortnightly and/or weekly basis.

When Universal Credit rolls out in the spring it will include the Minimum Income Floor for people who are Self-employed. (This assumes that the self-employed individual earns the equivalent of the minimum wage for the hours worked).

These changes will cause some households a period of disruption, particularly those who are vulnerable, the changes in payment cycles may cause short term financial vulnerability and may require a different approach to discretionary support and the recovery process for Council tax arrears.

In Three Years On: An independent Review of Local Council Tax Support Schemes Eric Ollrenshaw OBE March 2016 recommended Council Tax Support not to be included in Universal Credit and to remain a localised benefit. The report also went on to say:

"I conclude that LCTS should not be moved into Universal Credit at this time. No-one has prepared for such a move, which would be complex and disruptive to both central and local government at this critical phase in the Universal Credit timetable. I also believe it would cause unnecessary financial risk to councils and bring confusion and disruption to LCTS recipients."

Finance

Currently the Department of Communities and Local Government provide funding for Council Tax Support and the Department of Work and Pensions provide funding for Housing Benefit. Currently, SSDC process Housing Benefit and Council Tax Support within the same team using the same system. This provides economies of scale. However, when Universal Credit is fully implemented SSDC will lose funding for Housing Benefit administration. Therefore there is a potential risk that the Council Tax Support administration funding will not be sufficient to meet the cost alone and could be decreased in the coming years. We therefore need to look at alternative ways to simplify the calculation of council tax support moving away from the approach used for Housing and Council Tax benefit to reduce the administration costs whilst trying to keep the scheme fair.

South Gloucestershire is the only Council to date to move away from the approach used for Council Tax Benefit and has introduced a scheme that uses income bands to determine the level of Council Tax Support Payable, however several authorities are reported to be looking to move towards a discount approach.

Recommendation

The Task and Finish group recommends the Revenues and Benefits Officers look to identify the value of the potential decrease in administration grant and explore different methods of simplifying the scheme to reduce administration costs whilst meeting the Government criteria for CTS schemes, maintaining fairness and protecting those who are financially vulnerable.

As always with the CTS scheme if Council Tax increases, the scheme cost increase. If there is a downturn in the economy or a local employers close etc. the number of people requiring support could increase.

Final Conclusions

The Task and Finish group concluded at the end of this review, that all evidence has suggested the scheme to date has been a success. The recommendations detailed in this report ensure the scheme for 2017/18:

- Is fair and has the minimum impact that is achievable, given the criteria set out by the Government, for all residents of South Somerset, not just those who are in receipt of Council Tax Support
- Provides stability to the recipients of Council Tax Support and will consequently provide a sound baseline to compare a discount based scheme against for future years.
- Is accessible, not too complex.
- That appropriate steps will be taken to continue to provide a scheme that is achieving the best outcome for the residents of South Somerset and the Council, effectively assessing Equalities and risks and providing appropriate mitigation.

Summary of Task and Finish Group's Recommendations for the Scheme

The Task and Finish group have considered external evidence, best practice, impact analysis, equalities and risks throughout this review process and recommend amending the Council Tax Support scheme to reflect:

- Proposal 2 - Removing the allowance in the calculation for third and subsequent children born after March 2017

Task and Finish group recommend not pursuing proposals:

- Proposal 1 - Removing the Family Premium for all new working age applicants
- Proposal 3 - Reducing backdating for new claims to one month
- Proposal 4 - Reducing the period a person can be absent from Great Britain and still receive Council Tax Support
- Increasing Council Tax to help pay for Council Tax Support
- The level and range of local services should be reduced to help pay for Council Tax Support.

The group has considered the cumulative impact of the above recommended measures and those in the existing scheme by reviewing case studies, should amendments to the recommendations be proposed so as to reduce Council Tax Support further, additional analysis may be required.

Summary of Task and Finish Group's Recommendations relating to working practices

The Task and Finish group recommends:

- Revenues Officers contact Lambeth Council with regard to their new Income and Debt Policy and explore the new processes and interventions they have adopted to look to further improve SSDC collection processes and ultimately the collection rate.

- Benefit Officers consider how best to promote the scheme across the charitable and volunteer sector to further raise awareness of the provision of the discretionary relief.

- The Task and Finish group Recommends the Revenues and Benefits Officers consider providing a summary front sheet in plain English that details the sum owed/received and how to proceed.

- The Revenues team explore greater promotion or more targeted promotion of the CTS Discretionary Hardship provision.

- An exercise is conducted to identify those households where stacking arrears is occurring and conducts a viability study of the different approaches that could be taken to collection and providing money management and or budgeting advice.

- The Revenues team explore a referral system from external agencies to identify those who could be considered financially vulnerable.

- Benefits Officers explore the potential of creating a consultative group who can meet to discuss the Council Tax Support scheme. This would provide effective communication ensuring the motivation and potential impact is understood and feedback is insightful.

- Revenues and Benefits Officers look to identify the value of the potential decrease in administration grant and explore different methods of simplifying the scheme to reduce administration costs whilst meeting the Government criteria for CTS schemes, maintaining fairness and protecting those who are financially vulnerable.

Appendix A – Temporary Absence

8.0 Temporary Absence (period of absence)

8.1 Where a person is absent from the dwelling throughout any day then no reduction shall be payable

8.2 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 8.1.

8.3 In paragraph 8.2, 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 8.4 applies; and
   iv. the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period.

8.4 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 8.1, 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 8.3a) 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.

8.5 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), or, in Scotland, under the provisions of the Mental Health (Care and Treatment) (Scotland) Act 2003 or the Criminal Procedure (Scotland) Act 1995) or the Mental Health (Scotland) Act 2015; and

b. on temporary release from detention in accordance with Rules made under the provisions of the Prison Act 1952 or the Prisons (Scotland) Act 1989

8.6 Where paragraph 8.5 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 8.3 b) or c), he shall be treated, for the purposes of paragraph 8.1, as if he continues to be absent from the dwelling, despite any return to the dwelling;

b. for the purposes of paragraph 8.4 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

8.7 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.

Treasury Management Strategy Statement and Investment Strategy 2016/17 – Mid year review

Executive Portfolio Holder: *Councillor Peter Seib, Finance and Legal Services*
Assistant Director *Donna Parham, Finance and Corporate Services*
Service Manager *Catherine Hood, Finance Manager*
Lead Officer: *Karen Gubbins, Principal Accountant*
Contact Details: *donna.parham@southsomerset.gov.uk or (01935) 462225*

Purpose of the Report

This report has been prepared for Council to approve the mid-year Treasury Management Strategy Statement and Investment Strategy for 2016/17. The revised strategy has already been approved by the Audit Committee on 24th November 2016.

Recommendation

The Audit Committee recommends that Council approve the revised Treasury Management Strategy Statement and Investment Strategy for 2016/17 (Strategy attached with the amendments highlighted).

Introduction

In March 2011 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

Background

The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the CLG's Investment Guidance.

CIPFA has defined Treasury Management as:

> *"the management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Audit Committee and for the execution and administration of treasury management decisions to the Assistant Director (Finance and Corporate Services) who will act in accordance with the organisation's policy statement and TMPs and CIPFA's standard of Professional Practice on Treasury Management.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Specific treasury management risks are identified in the Council's approved Treasury Management Practices. The risks include:

- Liquidity Risk (Adequate cash resources)
- Market or Interest Rate Risk (Fluctuations in the value of investments)
- Inflation Risks (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risks (Impact of debt maturing in future years)
- Legal & Regulatory Risk (Compliance with statutory and regulatory requirements)

The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

When the strategy for 2016/17 was written it took into account the Council's current treasury position and the approved Prudential Indicators and drew upon the forecasts for interest rates provided by the Council's treasury advisers. This has been amended with the most recent forecast provided by the Council's treasury advisers.

The Strategy is attached at Appendix 1 and is split into the following main areas:

- Background
- Credit Outlook and Interest Rate Forecast
- Balance Sheet and Treasury Position
- Borrowing Requirement and Strategy
- Investment Strategy
- Policy on use of financial Derivatives
- Balanced Budget Requirement
- 2016/17 MRP Statement
- Monitoring and Reporting on Treasury Management
- Other Items

Financial Implications

There are no additional financial implications in reviewing the attached treasury management strategy.

Background Papers

Cipfa Treasury Management Code of Practice
Treasury Management Practices

Appendix 1

South Somerset District Council
Treasury Management Strategy Statement and Investment Strategy 2016/17

Contents

Appendices

1. Background

1.1 In March 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

1.2 In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

1.3 This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance

1.4 CIPFA has defined Treasury Management as:

"the management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.5 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.6 The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

1.7 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activies

- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.8 Full Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after, its close.

1.9 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Audit Committee and for the execution and administration of treasury management decisions to the Assistant Director (Finance and Corporate Services) who will act in accordance with the organisation's policy statement and TMPs and CIPFA's standard of Professional Practice on Treasury Management.

1.10 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

1.11 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

1.12 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

1.13 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

1.14 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

1.15 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of its treasury management activities. The main risks to the Council's treasury activities are:

- Liquidity Risk (Adequate cash resources)
- Market or Interest Rate Risk (Fluctuations in the value of investments)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal & Regulatory Risk (Compliance with statutory and regulatory requirements)

2. Credit Outlook and interest rate forecast

2.1 Credit outlook: The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

2.2 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.

2.3 ~~Interest rate forecast: The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside~~.

2.4 ~~A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.~~

2.5 The preliminary estimate of Q2 2016 GDP showed reasonably strong growth as the economy grew 0.7% quarter-on-quarter, as compared to 0.4% in Q1 and year/year growth running at a healthy pace of 2.2%. However the UK economic outlook changed significantly on 23rd June 2016. The surprise result of the referendum on EU membership prompted forecasters to rip up previous projections and dust off worst-case scenarios. Growth forecasts had already been downgraded as 2016 progressed, as the very existence of the referendum dampened business investment, but the crystallisation of the risks and the subsequent political turmoil prompted a sharp decline in household, business and investor sentiment.

2.6 The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting the Monetary Policy Committee to initiate substantial monetary policy easing at its August meeting to mitigate the worst of the downside risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (QE) and cheap funding for banks (Term Funding Scheme) to maintain the supply of credit to the economy. The minutes of the August meeting also suggested that many members of the Committee supported a further cut in Bank Rate to near-zero levels (the Bank, however, does not appear keen to follow peers into negative rate territory) and more QE should the economic outlook worsen.

2.7 In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows. Since the onset of the financial crisis over eight years ago, Arlingclose's rate outlook has progressed from 'lower for longer' to 'even lower for even longer' to, now, 'even lower for the indeterminable future'.

2.8 The new members of the UK government, particularly the Prime Minister and Chancellor, are likely to follow the example set by the Bank of England. After six years of fiscal consolidation, the Autumn Statement on 23rd November is likely to witness fiscal initiatives to support economic activity and confidence, most likely infrastructure investment. Tax cuts or something similar cannot be ruled out.

2.9 Whilst the economic growth consequences of BREXIT remain speculative, there is uniformity in expectations that uncertainty over the UK's future trade relations with the EU and the rest of the world will weigh on economic activity and business investment, dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. These effects will dampen economic growth through the second half of 2016 and in 2017. A more detailed economic and interest rate forecast provided by Arlingclose is attached at *Appendix C*.

3. Balance Sheet and Treasury Position

3.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The estimates, based on the current Revenue Budget and Capital Programmes, are set out below:

	31/03/15 Actual £'000	31/03/16 Actual £'000	31/03/17 Estimate £'000	31/03/18 Estimate £'000	31/03/19 Estimate £'000
CFR	9,447	9,342	9,212	9,136	9,113
Usable Capital Receipts	(35,659)	(34,989)	(20,367)	(16,401)	(16,746)
Balances & Reserves	(16,795)	(21,330)	(17,311)	(18,379)	(18,615)
Net Balance Sheet Position **	**(43,007)**	**(46,977)**	**(28,466)**	**(25,644)**	**(26,248)**

*****excluding working capital.***

Note: The reduction in usable capital receipts each year is due to spend committed against the capital programme as at Dec 2015.

3.2 The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at *Appendix A*. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position.

3.3 As the CFR represents the underlying need to borrow and revenue expenditure cannot be financed from borrowing, net physical external borrowing should not exceed the CFR other than for short term cash flow requirements.

3.4 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years.

3.5 The Prudential Code also promotes transparency in decision making by using information contained within the published Statements of Accounts of the local authority and by having definitions for prudential indicators that are consistent with the definitions used within the statements of Accounts. The Prudential indicators which are designed to support and record local decision making in a manner that is publicly accountable are attached at *Appendix B.*

3.6 The Authority is currently debt free and its capital expenditure plans do not currently imply any need to borrow over the forecast period. Investments are forecast to fall as capital receipts are used to finance capital expenditure and reserves are used to finance the revenue budget. The estimate for interest payments in 2016/17 is nil and for interest receipts is £538,020

4. Borrowing Requirement and Strategy

4.1 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

4.2 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

4.3 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.4 Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

Sources: The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Peninsula Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

4.5 The Council will undertake a financial options appraisal before any borrowing is made.

4.6 For any borrowing that may be undertaken in advance of need the Council will adopt the same rigorous policies and approach to the protection of capital as it does for the investment of its surplus balances.

5. <u>Investment Strategy</u>

5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £46.6 million and £67.4 million, and similar levels are expected to be maintained in the forthcoming year.

5.2 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

5.3 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and higher yielding asset classes during 2016/17.

The Authority may invest its surplus funds with any of the counterparty types in the following table, subject to the cash limits (per counterparty) and time limits shown.

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3 m 5 years	£6 m 20 years	£6 m 50 years	£3 m 20 years	£3 m 20 years
AA+	£3 m 5 years	£6 m 10 years	£6 m 25 years	£3 m 10 years	£3 m 10 years
AA	£3 m 4 years	£6 m 5 years	£6 m 15 years	£3 m 5 years	£3 m 10 years
AA-	£3 m 3 years	£6 m 4 years	£6 m 10 years	£3 m 4 years	£3 m 10 years
A+	£3 m 2 years	£6 m 3 years	£3 m 5 years	£3 m 3 years	£3 m 5 years
A	£3 m 13 months	£6 m 2 years	£3 m 5 years	£3m 2 years	£3 m 5 years
A-	£3 m 6 months	£6 m 13 months	£3 m 5 years	£3 m 13 months	£3 m 5 years
BBB+	£1.5 m 100 days	£3 m 6 months	£3 m 2 years	n/a	£1.5 m 2 years
BBB	n/a	£3 m 100 days	n/a	n/a	n/a
None	n/a	n/a	£6 m 25 years*	n/a	£3 m 5 years
Pooled funds	£6m (nominal value) per fund				

*includes unrated UK Local Authorities

5.4 **Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

5.5 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank National Westminster Bank Plc.

5.6 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

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

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

5.9 **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

5.10 **Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods. The limit on pooled funds is on the nominal value not the valuation.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

5.11 **Risk Assessment and Credit Ratings:** The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- on the advice of Arlingclose, any existing investments that can be recalled or sold at no cost will be, following consultation with the chair of Audit Committee, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.12 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

5.13 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

5.14 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

5.15 **Specified Investments:** The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

5.16 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in the following table:

Non-Specified Investment Limits

	Cash limit
Total long-term investments (over 364 days)	£30m
Total investments without credit ratings or rated below A- (does not include other UK Local Authorities)	£5m *
Total investments (except pooled funds) in foreign countries rated below AA+	£4m
Total non-specified investments	£39m

*This limit will be reviewed in the event a change in EU legislation results in MMFs no longer being credit rated.

5.17 Investment Limits: The Authority's revenue reserves available to cover investment losses are forecast to be £6 million on 31st March 2016. South Somerset District Council has allocated a weighting of 25% to this risk, meaning that no more than 25% of available reserves (£1.5 million) will be put at risk in the case of a single default. The maximum that will be lent to any one organisation (other than the UK Government) will be £6 million. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers' nominee accounts *(e.g. King & Shaxson)*, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£6m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£4m per manager
Negotiable instruments held in a broker's nominee account	£30m per broker
Foreign countries	£12m per country
Registered Providers	£8m in total
Unsecured investments with Building Societies	£8m in total
Loans to unrated corporates	£4m in total
Money Market Funds	£20m in total

5.18 Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures set out within the prudential indicators (*appendix b*).

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

6. <u>Policy on use of financial Derivatives</u>

6.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

6.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

6.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

6.4 The local authority will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

7. <u>Balanced Budget Requirement</u>

7.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

8. <u>2016/17 MRP Statement</u>

Background:

8.1 CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

8.2 The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

8.3 The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. Four options for prudent MRP provision are set out in the CLG Guidance. Details of each are set out below:

Option 1 – Regulatory Method:

8.4 This method replicates the position that would have existed under the previous Regulatory environment. MRP is charged at 4% of the Authority's underlying need to borrow for capital purposes, however this option allows a historical adjustment to take place that is beneficial to some authorities. This method can only be used for supported expenditure.

Option 2 – CFR Method:

8.5 This method simplifies the calculation of MRP by basing the charge solely on the authority's CFR but excludes the technical adjustments included in Option 1. The annual MRP charge is set at 4% of the CFR at the end of the preceding financial year. This method can only be used for supported expenditure.

Option 3 – Asset Life Method:

8.6 Under this method MRP is determined by the life of the asset for which the borrowing is undertaken. This can be calculated by either of the following methods:

(a) Equal Installments: where the principal repayment made is the same in each year, or

(b) Annuity: where the principal repayments increase over the life of the asset. The annuity method has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.

8.7 MRP commences in the financial year following that in which the expenditure is incurred or, in the year following that in which the relevant asset becomes operational. This enables an MRP "holiday" to be taken in relation to assets which take more than one year to be completed before they become operational.

8.8 The estimated life of the asset will be determined in the year that MRP commences and cannot be revised. However, additional repayments can be made in any year which will reduce the level of payments in subsequent years.

8.9 If no life can be reasonably attributed to an asset, such as freehold land, the life is taken to be a maximum of 50 years. In the case of freehold land on which a building or other structure is constructed, the life of the land will be treated as equal to that of the structure, where this would exceed 50 years.

8.10 In instances where central government permits revenue expenditure to be capitalised, the Statutory Guidance sets out the number of years over which the charge to revenue must be made.

Option 4 - Depreciation Method:

8.11 The deprecation method is similar to that under Option 3 but MRP is equal to the depreciation provision required in accordance with proper accounting practices to be charged to the Income and Expenditure account

MRP Policy for 2016/17:

8.12 It is proposed that for 2016/17 the Council adopts Option 3 – Asset Life Method. Option 3 enables the calculation of MRP to be aligned with the life of the asset. If it is ever proposed to vary the terms of this MRP Statement during the year, a revised statement will be made to Council at that time.

8.13 MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

9. <u>Monitoring and Reporting on Treasury Management</u>

The scrutiny of the treasury management function is carried out by the Audit Committee who then make recommendations to Full Council. The Assistant Director (Finance and Corporate Services) will report to Council/Audit Committee on treasury management activity / performance as follows:

(a) Audit Committee will be responsible for the scrutiny of treasury management activity and practices.

(b) Audit Committee will review the Treasury Management Strategy Statement, Investment Strategy, MRP Statement, and Prudential Indicators twice per year and recommend them to Council for Approval

(c) Audit Committee will monitor Treasury Management activity quarterly and will approve the Treasury Management Practices on an annual basis

(d) Full Council will receive the Treasury Management Strategy Statement, Investment Strategy, MRP Statement, and Prudential Indicators prior to the start of the financial year and a mid year review against the strategy approved for the year.

(e) The Council will produce an outturn report on its treasury activity no later than 30th September after the financial year end.

10. Other Items

Training

CIPFA's revised Code requires the Assistant Director (Finance and Corporate Services) ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Officers tasked with treasury management responsibilities are engaged in regular financial and treasury training through attendance at selective seminars/workshops and treasury courses.

Treasury Management Advisors

The Council appointed Arlingclose as its Treasury Advisers in 2005. The provision of treasury advisory services was formally re-tendered in autumn 2014 and Arlingclose was reappointed. Among the various services received is **advice** on investment, debt and capital finance issues appropriate to the Council's individual circumstances and objectives.

The Council monitors the service through measuring:

- The timeliness of advice
- The returns from investments
- The accuracy of technical advice
- Regular market testing
- Regular internal meetings to discuss performance
- Direct access to a nominated advisor
- The quality and content of training courses

However, this doesn't divest the Council from its responsibility of its treasury decisions.

Financial Implications

The budget for investment income in 2016/17 is £496,020, based on an average investment portfolio of £55.6 million at an interest rate of 0.89% ~~less any revenue effects from capital~~. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

APPENDIX A

EXISTING PORTFOLIO PROJECTED FORWARD

	31/03/15 Actual £'000	31/03/16 Actual £'000	31/03/17 Estimate £'000	31/3/18 Estimate £'000
External Borrowing:				
Long-term liabilities				
• *Finance Leases*	334	230	99	23
Total External Debt	334	230	99	23
Investments:				
• Short term Deposits	20,000	20,000	13,500	12,500
• Monies on call and Money Market Funds	3,720	1,490	178	361
• Long term Deposits	0	0	4,000	3,500
• Bonds/CDs	20,651	21,831	15,000	14,000
• Property Fund & Other pooled funds	4,000	5,000	5,000	5,000
Total Investments	**48,371**	**48,321**	**37,678**	**35,361**
(Net Borrowing Position)/ Net Investment position	**48,037**	**48,091**	**37,579**	**35,338**

APPENDIX B

PRUDENTIAL INDICATORS 2016/17 TO 2018/19

Background:

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Prudential Indicator 1 - Capital Expenditure:

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax. The approved expenditure for 2015/16 and the estimates of capital expenditure to be incurred for 2016/17 and future years are:

	2015/16 Actual £'000	2016/17 Approved £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Approved capital schemes	2,084	7,382	516	(345)
Reserve schemes	0	2,298	0	0
Total Expenditure	**2,084**	**9,680**	**516**	**(345)**

The expenditure for 2018/19 is currently negative due to the repayment of loans. This will change as anticipated capital projects are approved. Additional capital expenditure will also occur if new capital receipts are received and used to finance projects currently on the reserve list, as per the capital strategy.

Prudential Indicator 2 - Ratio of Financing Costs to Net Revenue Stream:

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure. This shows how much of the revenue budget is committed to the servicing of finance.

Estimates of the ratio of financing costs to net revenue stream for the 2016/17 and future years, and the approved figures for 2015/16 are:

Portfolio	2015/16 Actual £'000	2016/17 Approved £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Financing Costs*	(424)	(489)	(479)	(503)
Net Revenue Stream	17,782	16,904	16,157	16,024
%*	**(2.4)**	**(2.9)**	**(3.0)**	**(3.1)**

*Figures in brackets denote income through receipts or reserves.

The financing costs include interest payable, notional amounts set aside to repay debt, less, interest on investment income. The figures are in brackets due to investment income outweighing financing costs significantly for SSDC. This shows the extent that the Council is dependent on investment income.

Prudential Indicator 3 - Capital Financing Requirement:

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. Estimates of the year-end capital financing requirement for the authority are:

	2015/16 Actual £'000	2016/17 Approved £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Opening CFR ~~(Actual 14/15)~~	9,447	9,343	9,256	9,136
Capital Expenditure	3,227	8,067	861	0
Capital Receipts*	(2,084)	(7,382)	(516)	345
Grants/Contributions*	(1,143)	(685)	(345)	(345)
MRP	(170)	(87)	(76)	(23)
Additional Leases taken out in year	66	0	0	0
Closing CFR	**9,343**	**9,256**	**9,180**	**9,157**

*Figures in brackets denote financing through receipts or reserves.

Prudential Indicator 4 – Gross Debt and the Capital Financing Requirement:

The Council is also required to ensure that any medium term borrowing is only used to finance capital and therefore it has to demonstrate that the gross external borrowing does not, except in the short term exceed the total of capital financing requirements over a three year period. This is a key indicator of prudence.

	2015/16 Actual £'000	2016/17 Approved £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Borrowing	0	0	0	0
Finance leases	230	99	23	0
Total Debt	**230**	**99**	**23**	**0**

Total debt is expected to remain below the CFR during the forecast period

Prudential Indicator 5 - Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

The Council must set three years of upper limits to its exposure to the effects of changes in interest rates. As a safeguard, it must ensure that its limit would allow it to have up to 100% invested in variable rate investments to cover against market fluctuations. Overall the authority is aiming to keep within the following exposure to fixed rates as and when market conditions improve.

	2015/16 % Limit	2016/17 % Limit	2017/18 % Limit	2018/19 % Limit
Fixed	80	80	80	80
Variable	100	100	100	100

The Council must also set limits to reflect any borrowing we may undertake.

	2015/16 % Limit	2016/17 % Limit	2017/18 % Limit	2018/19 % Limit
Fixed	100	100	100	100
Variable	100	100	100	100

The indicator has been set at 100% to maximise opportunities for future debt as they arise.

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Prudential Indicator 6 - Upper Limit for total principal sums invested over 364 days:

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	**2015/16 Estimate £'000**	**2016/17 Estimate £'000**	**2017/18 Estimate £'000**	**2018/19 Estimate £'000**
Between 1-2 years	25,000	25,000	25,000	25,000
Between 2-3 years	20,000	20,000	20,000	20,000
Between 3-4 years	10,000	10,000	10,000	10,000
Between 4-5 years	10,000	10,000	10,000	10,000
Over 5 years	5,000	5,000	5,000	5,000

The estimates are considerably higher than the actual balances held in previous years to ensure the Council has sufficient flexibility to deal with any unexpected events. **The overall limit for maturities of greater than 364 days will not exceed 70% of the portfolio.**

Prudential Indicator 7 – Credit Risk:

The Council considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution and its sovereign
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic Fundamentals, such as a country's net debt as a percentage of its GDP
- Corporate developments, news articles, markets sentiment and momentum
- Subjective overlay

The only indicators with prescriptive values remain to be credit ratings. The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average long-term credit rating 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.

The Council targets a portfolio average long-term credit rating of 'A' or higher. (This target rating is one notch above the Council's minimum rating criteria of A-.)

Other indicators of creditworthiness are considered in relative rather than absolute terms.

Prudential Indicator 8 - Actual External Debt:

This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2016	**£'000**
Borrowing	0
Other Long-term Liabilities	230
Total	**230**

Prudential Indicator 9 - Authorised Limit for External Debt:

The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

This limit represents the maximum amount that SSDC may borrow at any point in time during the year. If this limit is exceeded the Council has acted ultra vires. It also gives the Council the responsibility for limiting spend over and above the agreed capital programme. A £9.1m borrowing requirement has been identified to finance the capital programme and further borrowing may be undertaken to increase our borrowing to this level if and when it is the most cost effective way of funding SSDC's requirements. A ceiling of £12 million for each of the next three years is recommended, to allow flexibility to support new capital projects over and above the identified borrowing requirement.

	2015/16 Estimate £'000	**2016/17 Estimate £'000**	**2017/18 Estimate £'000**	**2018/19 Estimate £'000**
Borrowing	11,000	11,000	11,000	11,000
Other Long-term Liabilities	1,000	1,000	1,000	1,000
Total	**12,000**	**12,000**	**12,000**	**12,000**

Prudential Indicator 10 – Operational Boundary for External Debt:

The Operational Boundary sets the limit for short term borrowing requirements for cash flow and has to be lower than the previous indicator, the authorised limit for external debt. A ceiling of £10 million is recommended for each of the next three years. The table overleaf shows that SSDC's current borrowing is well within this limit. This indicator more than covers the capital financing requirement.

The Assistant Director (Finance and Corporate Services) has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next Council meeting.

	2015/16 Estimate £'000	**2016/17 Estimate £'000**	**2017/18 Estimate £'000**	**2018/19 Estimate £'000**
Borrowing	9,200	9,200	9,200	9,200
Other Long-term Liabilities	800	800	800	800
Total	**10,000**	**10,000**	**10,000**	**10,000**

Prudential Indicator 11 - Maturity Structure of Fixed Rate borrowing:

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	2015/16 % Actual	2016/17 % Estimate	Lower Limit %	Upper Limit %
Under 12 months	0	0	0	100
12 months and within 24 months	0	0	0	100
24 months and within 5 years	0	0	0	100
5 years and within 10 years	0	0	0	100
10 years and within 20 years	0	0	0	100
20 years and within 30 years	0	0	0	100
30 years and within 40 years	0	0	0	100
40 years and within 50 years	0	0	0	100
50 years and above	0	0	0	100

As the council doesn't have any fixed rated external borrowing at present the above upper and lower limits have been set to allow flexibility to borrow within any of the maturity bands.

Prudential Indicator 12 - Incremental Impact of Capital Investment Decisions:

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Increase in Band D Council Tax	0.12	0.22	0.16

Prudential Indicator 13 - Adoption of the CIPFA Treasury Management Code:

This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 18th April 2002.

Arlingclose's Economic and Interest Rate Forecast

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.40
3-month LIBID rate														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.30	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.34
1-yr LIBID rate														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.65
Downside risk	-0.10	-0.15	-0.15	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.24
5-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.30	0.30	0.30	0.30	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.39
Downside risk	-0.40	-0.45	-0.45	-0.45	-0.50	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.54
10-yr gilt yield														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	0.83
Downside risk	-0.40	-0.45	-0.45	-0.45	-0.50	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.54
20-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.30	1.35	1.35	1.40	1.40	1.29
Downside risk	-0.50	-0.55	-0.55	-0.55	-0.60	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.64
50-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.30	1.35	1.35	1.40	1.40	1.29
Downside risk	-0.50	-0.55	-0.55	-0.55	-0.60	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.64

Underlying assumptions:

- The economic trajectory for the UK has been immeasurably altered following the vote to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.

- The short to medium-term outlook is somewhat more downbeat due to the uncertainty generated by the result and the forthcoming negotiations (notwithstanding the Olympic and summer feel-good effects). The rapid installation of a new Prime Minister and cabinet lessened the political uncertainty, and the government/Bank of England have been proactive in tackling the economic uncertainty.

- PMI data, and consumer and business confidence surveys presented a more positive picture for August following the shock-influenced data for July, in line with expectations for an initial overreaction. However, many indicators remain at lower levels that pre-Referendum.

- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. These effects will dampen economic growth through the second half of 2016 and in 2017.

- UK CPI inflation (currently 0.6% year/year) will rise close to target over the coming year as previous rises in commodity prices and the sharp depreciation in sterling begin to drive up imported material costs for companies.

- The rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.

- There is a debatable benefit to further interest rate cuts (particularly with regard to financial stability). Negative Bank Rate is currently perceived by policymakers to be counterproductive, but there is a possibility of close-to-zero Bank Rate. QE will be used to limit the upward movement in bond yields.

- Following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than a few months ago. However, financial market volatility is likely at various points because the stimulus has only delayed the fallout from the build-up of public and private sector debt (particularly in developing economies, e.g. China).

APPENDIX D

Glossary of Terms

Balances and Reserves	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.
Bond	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of capital assets
Capital Financing Requirement (CFR)	The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.
Capital growth	Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund)
Capital receipts	Money obtained on the sale of a capital asset.
Credit Rating	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.
Collective Investment Schemes	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds.
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Corporate Bond Funds	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
CPI	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)
Credit default swaps	Financial instrument for swapping the risk of debt default; the buyer effectively pays a premium against the risk of default.
Diversification / diversified exposure	The spreading of investments among different types of assets or between markets in order to reduce risk.
ECB	European Central Bank
Federal Reserve	The US central bank. (Often referred to as "the Fed")
Floating Rate Notes	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting
Gilt	Is a fixed rate security issued as debt and repaid at a future date.
IFRS	International Financial Reporting Standards
Income Distribution	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend'

Maturity	The date when an investment or borrowing is repaid
Money Market Funds (MMF)	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.
Minimum Revenue Provision	An annual provision that the Authority is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets
Non-Specified Investments	Term used in the Communities and Local Government Guidance and Welsh Assembly Guidance for Local Authority Investments. It includes any investment for periods greater than one year or those with bodies that do not have a high credit rating, use of which must be justified.
Pooled funds	See Collective Investment Schemes (above)
Prudential Code	Developed by CIPFA as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice
Prudential Indicators	Indicators determined by the local authority to define the its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators
PWLB	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
Revenue Expenditure	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges
SI (Statutory Instrument)	Is the principal form in which delegated or secondary legislation is made in Great Britain.
SORP	Statement of Recommended Practice for Accounting (Code of Practice on Local Authority Accounting in the United Kingdom).
Specified Investments	Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local authorities and bodies that have a high credit rating.
Supranational Bonds	Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.
Supported Capital Expenditure	The financing element of Capital expenditure that is grant funded by Central Government.
Treasury Management Code	CIPFA's Code of Practice for Treasury Management in the Public Services
Temporary Borrowing	Borrowing to cover peaks and troughs of cash flow, not to fund spending.
Term Deposits	Deposits of cash with terms attached relating to maturity and rate of return (interest)
Unsupported Capital Expenditure	The financing of Capital expenditure is financed internally through the revenue budget
Yield	The measure of the return on an investment instrument.

Report of Executive Decisions

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This report is submitted for information and summarises decisions taken by the District Executive and Portfolio Holders since the last meeting of Council in November 2016. The decisions are set out in the attached Appendix.

Members are invited to ask any questions of the Portfolio Holders.

Background Papers

All Published

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Appendix

Portfolio	Subject	Decision	Taken By	Date
Strategy & Policy	Consent for disposal of eight properties in Horton by Yarlington Housing Group	The Portfolio Holder for Strategy and Policy has agreed to advise Yarlington Housing Group that, SSDC does not support their proposed disposal of eight properties in Horton.	Portfolio Holder	11/11/16 Executive Bulletin No. 695
Strategy & Policy	Consent for disposal of four properties in Donyatt by Yarlington Housing Group	The Portfolio Holder for Strategy and Policy has agreed to advise Yarlington Housing Group that SSDC supports their proposed disposal of four properties (26, 30, 33 & 34 Donyatt Hill) in Donyatt. The Portfolio Holder also notes the implications of this decision for numbers 23, 24, 25, 27, 28, 29, 31 & 32 Donyatt Hill when they also become vacant.	Portfolio Holder	18/11/16 Executive Bulletin No. 696
Strategy & Policy	Consent for disposal of a property in Castle Cary by Yarlington Housing Group	The Portfolio Holder for Strategy and Policy has agreed to advise Yarlington Housing Group that, SSDC does not support their proposed disposal of number 2, Moore Villas, Victoria Park, Castle Cary.	Portfolio Holder	25/11/16 Executive Bulletin No. 697
Strategy & Policy	Affordable Housing Development Programme: Bought not Built Property, Chard	The Portfolio Holder for Strategy and Policy has agreed the allocation of up to £37,000 grant subsidy to Magna Housing to acquire and renovate a specific house in Chard.	Portfolio Holder	25/11/16 Executive Bulletin No. 697
Housing, Leisure & Culture	Proposed Private Sector Leasing and Lettings Service	The Portfolio Holder for Housing, Leisure, Culture & Wellbeing has agreed to: a. Approve the introduction of the proposed Private Sector Leasing and General Lettings Services. b. Approve the proposed Private Sector Leasing Scheme (PSL) Policy for implementation no later than 1st April 2017. c. Authorise the Assistant Director (Health and Well Being) in consultation with the Portfolio Holder to amend changes to the PSL Scheme Policy.	Portfolio Holder	25/11/16 Executive Bulletin No. 697

Portfolio	Subject	Decision	Taken By	Date
Leisure & Culture Strategy & Policy	County-wide Homeless Strategy	The Portfolio Holders for Leisure & Culture and Strategy & Policy have agreed:- 1. To validate the existing Homelessness Strategy for a further year, up to December 2017. 2. That officers work to prepare a new Homelessness Strategy beginning December 2017, in partnership with the other four Somerset Housing Authorities if possible.	Portfolio Holder	16/12/16 Executive Bulletin No. 700
Health, Housing, Leisure & Culture	Direct Hostel Provision, Move On Accommodation and Support	District Executive: 1. approved funding of £160,000 per annum is added to the Medium Term Financial Plan in 2017/18 for two years as an unavoidable budget pressure to fund Stonham, to provide services to assist single adults who are in need of accommodation, to prevent homelessness; 2. noted that there is a risk of £80,000 per annum associated with the structure of eligible/ineligible costs in relation to Housing Benefit that will be added as a Risk to Balances; 3. approved in principle £35,000 funding in 2017/18 for Yeovil4Family, to provide a floating support service for vulnerable individuals at risk of homelessness to be funded from a carry forward from 2016/17 (which will be subject to District Executive approval in June 2017); 4. noted the outcomes of the funding from SSDC in 2016/17 as well as further outcomes achieved as a result of funding allocated from Somerset Positive Lives partnership.	District Executive	05/01/17
Finance & Legal Services	Council Tax Support Scheme for 2017/18	District Executive agreed to recommend to Council: a. that personal allowances and premiums are uprated in line with those for Housing Benefit; b. that non-dependent deductions are uprated in line with the annual percentage increase in Council Tax; c. that the non-dependent income bands are increased by the same percentage as those in the Prescribed Requirements relating to pensioners; d. that proposal 2 be approved;	District Executive	05/01/17

Portfolio	Subject	Decision	Taken By	Date
		e. that proposals 1, 3 and 4 be rejected; f. that the hardship scheme budget be set at £30,000 for the 2017/18 financial year; g. to consider the Equalities Impact Assessment at Appendix 1 in approving (d); h. to consider the public consultation responses in the Equalities Impact Assessment & Scrutiny Task and Finish Group report in approving (d) & (e); i. to consider the interaction of Universal Credit and Tax Credits with the CTS scheme in approving (d); j. to note the recommendations of the Scrutiny Task and Finish Group attached at Appendix 3; k. to note the scheme has been amended to reflect changes to the Prescribed Requirements; l. that the 2017/18 Council Tax Support Scheme is adopted; m. to note that the proposed Council Tax Support Scheme has been reflected within the overall Council Tax Base.		
Strategic Planning (Place Making)	Strategic Commercial Land and Property Project	District Executive: 1. approved the proposed project to develop a Commercial Land and Property Strategy and fund up to £102,000 of the project from general fund balances. 2. noted that a report outlining the way forward and the Strategic Commercial Land and Property Project findings would be reported to District Executive (and later inform the revised Asset Land and Property Management Strategy 2014-2017) in July 2017.	District Executive	05/01/17
Leader, (Strategy & Policy)	Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance	District Executive agreed to: 1. adopt the Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance in Appendix 1 concerning the provision of financial assistance for private sector housing and associated matters, including disabled facilities grants as the future policy of the Council; 2. confirm that the allocation and method of funding for the various elements agreed with the Joint Commissioning Board of the Somerset Clinical	District Executive	05/01/17

Portfolio	Subject	Decision	Taken By	Date
		Commissioning Group outlined in sections 2.1.1 to 2.1.6 is agreed subject to available funding.		
Finance & Legal Services	Medium Term Financial Plan and Capital Programme Update 2017/18	District Executive: a. noted the current position and timetable for the Medium Term Financial Plan and Capital Programme; b. approved in principle the savings & additional income outlined in Appendix A; c. approved in principle the additional budget pressures outlined in Appendix B; d. noted the impact and position of general fund balances as outlined in paragraphs 29 and 30; e. approved the internal borrowing policy document and the setting up of an internal borrowing reserve of £1m as detailed in Appendix C; f. noted that all capital bids are being deferred pending an update to the Annual Action Plan within the approved Council Plan; g. noted the current status of funding for Disabled Facilities Grants and that a guarantee has been sought from SCC to enable grant applications to continue to be assessed and approved.	District Executive	05/01/17
Strategic Planning (Place Making)	South Somerset Economic Development Monitoring Report (December 2016)	District Executive agreed to: a. note and consider the Economic Development Monitoring Report (Appendix A); and b. delegate responsibility to the Assistant Director for Economy in consultation with the Portfolio Holder for Strategic Planning to make any final minor text amendments which may be necessary to enable the Economic Development Monitoring Report to be published.	District Executive	05/01/17
Property, ICT and Climate Change	Disposal of the former Stables at Churchfield, Wincanton (Confidential)	That the District Executive agreed to defer the decision to dispose of the former stable building, courtyard and garden at Churchfield, Wincanton for up to 12 months.	District Executive	05/01/17

Portfolio	Subject	Decision	Taken By	Date
Health, Housing, Leisure & Culture	Potential Acquisition of a property by Portreeves or Corporation Almshouses (Confidential)	That the Area South Committee, acting as trustees for the Portreeves or Corporation Almshouses, agreed to, subject to any appropriate consent or approvals required from the Charity Commission, a) Approve the principle of acquisition of a two bedroomed property in Yeovil. b) Approve the principle of undertaking any necessary repair works prior to allocation of the dwelling c) Approve expenditure from the Trust's consolidated funds to cover the reasonable costs of an independent qualified surveyor. d) Delegate to the Chair of the Committee, subject to the formal advice from the independent qualified surveyor, approval of the negotiated price. e) Approve the principle of entering into a management agreement for this property with a partner Housing Association. f) Delegate to the Chair of the Committee conclusion of appropriate terms within this agreement. g) Resolve to set the occupation charge for this property.	Area South Committee	04/01/17
Strategy and Policy	Consent for disposal of two properties in Marston Magna by Yarlington Housing Group	The Portfolio Holder for Strategy & Policy has agreed to withhold agreement to the proposed disposal of numbers 17 & 18, Townsend, Marston Magna, by Yarlington Housing Group (YHG). Whilst there is no objection to the principle of disposal of these properties in this location, it is the failure of YHG to guarantee that the proceeds of the sale are re-invested locally which is the key reason for withholding our consent to dispose.	Portfolio Holder	06/01/17 Executive Bulletin

Audit Committee

This report summarises the items considered by the Audit Committee on 24 November 2016. There was no meeting of the Audit Committee in December 2016 and the next meeting will be held on 26th January 2017.

Annual Audit Letter (Agenda Item 6)

The Director, Grant Thornton, reported that the council's accounts had been well prepared in a timely manner, and, the SSDC finance team had contributed to the Grant Thornton seminar on the fast closure of accounts. There had been some challenges for council tax collection but the arrangements were now strengthening. She outlined the objection to the accounts which meant they were unable to certify that they had completed their audit and noted that there was now a fixed period of 28 days in which people could make objections.

The Audit Manager, Grant Thornton, advised that a number of issues had been identified in the Housing Benefit Grant Certification calculations and extrapolation of figures which required some re-testing of the data which would involve a further cost to the Council.

The Director, Grant Thornton, also noted that their contract was coming to an end and that SSDC would need to appoint or re-appoint new auditors. The Assistant Director (Finance and Corporate Services) advised that she was meeting with other Section 151 officers from across Somerset the following week and would bring a report on this to a future meeting of the Committee.

At the conclusion of the debate, the Director, Grant Thornton, reminded Members that they would be holding a free seminar on 6th December in Taunton on building a joint venture company. The Assistant Director (Finance and Corporate Services) agreed to circulate the invitation to all Members.

RESOLVED: That the Audit Committee noted the contents of the Annual Audit Letter.

Reason: To introduce the Annual Audit Letter for the 2015/16 financial year.

SWAP Internal Audit - Quarter 2 2016/17 Update (Agenda Item 7)

The Assistant Director, SWAP, noted the work in progress on several audits across the Council. She advised that an IT Skills audit had yet to commence and asked Members if they would confirm whether it should remain in the plan. Members confirmed that it should remain in the Audit Plan as it was vital that IT staff were properly skilled during Transformation.

The Assistant Director, SWAP, also noted that a Culture audit was also stalled and the Assistant Director (Finance and Corporate Services) advised that senior managers wanted to take a different route for a culture review. She had asked what other audit could replace it as the allotted audit days would be lost otherwise. It was noted that a Healthy Organisation audit could replace this.

The Assistant Director, SWAP, also advised that they had shared information on cyber security together with an assurance map to the Section 151 officers within the SWAP partnership and there was also an assurance map for Audit Committees which would be sent to all Audit Committee members.

During discussion, the Assistant Director (Finance and Corporate Services) advised that in the absence of the Procurement and Risk Manager she had been speaking to other local authorities to ask if they could assist with the ICT procurement for the Transformation project. It was noted that the Fraud and Data Manager was giving some assistance in this area as well. Members asked that where possible, future situations where one officer held all the knowledge of a service be mitigated by training of other officers to provide cover. It was also requested that the Audit Committee regularly monitor the risk of the Transformation and Westlands projects as the two highest profile risks to the authority. The Assistant Director (Finance and Corporate Services) agreed to present updates on these two risks and any mitigation strategies on a quarterly basis.

The Assistant Director, SWAP, advised that there was a level of uncertainty in the new Council management structure as to where the post of Section 151 officer was positioned within the structure and where it reported to. She recommended that the Audit Committee Chairman clarify this with the Chief Executive as members were given assurances when the structure was approved at full Council. The Chairman of the Audit Committee agreed to meet with the Chief Executive directly to confirm this.

RESOLVED: That Audit Committee noted the progress of the Internal Audit Plan for quarter 2 of 2016/17.

Property Services Update on Audit Action Report: Security and Repairs 2015/16 (Agenda Item 8)

The Engineering and Property Services Manager advised this was a follow up report following a partial assurance given following a SWAP review of the controls and procedures in place for the security and maintenance of SSDC properties. He said there had been some mitigating circumstances during the audit due to long-term sickness and also the impact of the work involved in the Westland project, however, a follow-up audit report now concluded all the actions had been met with the exception of one which was in progress for completion.

There was no debate and Members were content to note the report.

RESOLVED: That the Audit Committee agreed:

1. to note the details of the initial SWAP Agreed Action Plan.
2. to note the details of the follow up audit report and that all recommendations have been actioned and approved by audit, with one category 3 item still in progress

Reason: To update Members on the progress and the implementation of the recommendations and agreed actions arising from the SWAP review of the controls and procedures in place for the security and maintenance of SSDC properties.

Proposed Freedom of Information Requests Policy (Agenda Item 9)

The Fraud and Data Manager introduced the Fraud and Data Intern who had reviewed and refreshed the Freedom of Information Requests Policy in accordance with the latest legislation and regulations. The policy covered the Environmental Information Regulations 2005 (EIR) and the Reuse of Public Sector Information Regulations 2015 (RPSI) requests as well as those relating to Freedom of Information (FOI) and allowed the efficient use of technology. Complex enquiries would be answered by the Information Team comprising the Monitoring Officer, the Fraud and Data Manager and the Legal Services Manager. Guidance would be issued to each service, particularly those who received a high number of such requests.

During discussion, Members felt it was important that the Policy be reviewed every two years to ensure it continued to comply with the latest legislation, and, that it be presented to Full Council for approval, so all Members were aware of it.

RESOLVED: That Audit Committee recommend approval of the Freedom of Information Requests Policy by District Executive and Council.

Reason: To inform members of a proposed policy for the management of FOI, EIR and RPSI requests.

Treasury Management Performance to September 2016 (Agenda Item 10)

The Principal Accountant – Exchequer advised that at the present time, the investment income for the year was estimated to be £68,590 above the predicted outcome figure. She also confirmed there was no change in the Minimum Revenue Position with the previous year and some investments were kept in short term investments to help with cash flow.

The Assistant Director (Finance and Corporate Services) advised that as the Council had an Income Generation target then it may move to a more commercial level of operation and so she had invited Arlingclose, the Council's financial consultants, to speak to Audit Committee members in January 2017 on making the best use of its funds to achieve this.

There was no further debate and Members were content to confirm the recommendations for endorsement by Full Council.

RESOLVED: That the Audit Committee agreed:

1. to note the Note the Treasury Management Activity for the six-month period ended 30th September 2016.
2. to note the position of the individual prudential indicators for the six-month period ended 30th September 2016.
3. to carry out the Mid-year review of the Treasury Management Strategy and recommend it to Council.

Reason: To review the treasury management activity and the performance against the Prudential Indicators for the six months ended 30th September 2016.

Audit Committee Forward Plan (Agenda Item 11)

It was agreed that as there was only one item of non-urgent business (Debt write-off report) due to be considered at the next meeting, then this would be deferred to the January meeting of the Committee and the meeting due to be held on the 15 December would be cancelled.

It was also noted that Grant Thornton would be presenting a Grant Claim Certification Report in January 2017 and the Council's treasury management advisers, Arlingclose, would be attending to provide training on borrowing for income generating schemes.

It was further agreed that the Audit Committee meeting in July 2017 would be set for Thursday 27th July 2017 at 10.00am.

Councillor Mike Beech asked if the Audit Committee should look at the financial implications of the Income Generation Board as the risks involved in some of the proposed schemes was high. However, the Assistant Director (Finance and Corporate Services) confirmed that the Board had no constitutional ability to spend money and any income generating schemes taken forward would be accompanied by robust business plans.

Councillor Derek Yeomans
Chairman of Audit Committee

Scrutiny Committee

At the Scrutiny meeting held 29th November, members considered the District Executive reports due to be considered on 3rd December, and made the following comments:

South Somerset Community Infrastructure Levy Report

The Portfolio Holder for Strategic Planning introduced the report, the Principal Spatial Planner went on to give an overview of the process going forward, and during discussions the following points were made:

- The Committee supported the suggestion that a recommendation be added asking Full Council to accept a CIL Implementation date of 3rd April 2017.
- Members sought assurances that the implementation date of 3rd April 2017 is achievable bearing in mind the potential impact of the Transformation programme, given that the successful implementation of CIL will rely on several different service areas – each being 'transformed' at different times, combined with the need to procure a new IT system?
- CIL and Section 106 payments may need to be paid on a site, Section 106 would only be paid for very site specific issues such as landscaping, street lighting and accessibility.
- The Regulation 123 list is produced with member involvement, if something is on the Regulation 123 list you cannot then ask for a Section 106 contribution for this.
- There is no back on CIL, it is non-negotiable.
- Member's clarified self-builders are still exempt from CIL.
- The Committee were pleased to note that due regard had been paid, and would continue to be given to the Equalities throughout this process.

Members thanked the Planning Policy Team for all their hard work in bringing the scheme forward.

2016/17 Revenue Budget Monitoring Report for the period ending 30th September 2016

- Members sought clarification about how and where vacant posts are accounted for. Members were unclear whether vacant posts agreed in years 2015/16 and 2016/17 would be claimed as Revenue Budget savings or would be attributed to Transformation? Members stressed the importance of avoiding double counting and that greater clarity is needed in the future – this is a high profile, high cost project. The Committee were informed by the Transformation Programme & Performance Manager that he had prepared a short note explaining this point, members requested that this is distributed to all members to help explain this complex issue.
- The delay in delivering the ANPR project and the resulting shortfall in anticipated savings was noted – members asked for further details about the delay.
- Members queried the statement that EDM savings from within Housing would now be incorporated into Transformation and delivered in a different way. The Finance Manager explained that the original budget was £100K, £75k had been transferred to the Transformation budget but £25K had been assigned as a saving in 16/17 and was agreed at Management Board in July.
- On page 3 of the Appendix under Procurement and Risk, members queried why an £8k underspend had been allocated to be transferred to the Transformation budget?

2016/17 Capital budget monitoring report for the period ending 30th September 2016

- Members sought clarification on the role and purpose of the Affordable Housing – Mortgage Rescue Contingency Fund and the Affordable Housing – Bought not Built Allocation – is it a statutory requirement to have these funds, have we assessed the need to maintain current levels given the statement that they are 'unlikely to be spent this financial year..'
- Members questioned the MTIG Reserve and why so much of it remains unspent. The Committee were grateful to the Portfolio Holder for expanding on the comments within the report, and noted that a new raft of Community Plans are currently in production and new projects will emerge in due course.

Final Recommendation of the Community Governance Review of Yeovilton Parish Council

Members noted the report and made no comments.

Draft Proposals of the Community Governance Review of Brympton Parish Council

Members noted the report and made no comments.

District Executive Forward Plan

Scrutiny Committee made no comments regarding the forward plan but requested the Strategic Director (Operations and Customer Focus) attend the next Scrutiny committee meeting to answer any questions with regard to the District Executive report about the Somerset Waste Partnership – Recycle More project.

Members also invited the CEO to meet with members to discuss how Scrutiny Committee can effectively be part of South Somerset moving forward, with a particular focus on the Transformation Programme.

The CEO explained that in his previous roles he has developed the role of Scrutiny and values constructive challenge to assess processes are sound and the council is delivering for the community and people of South Somerset. He commented on the agenda noting the number of Task and Finish reviews and felt this approach was useful to get under the skin of issues and that from his perspective it is all about striking a balance to not get too immersed in the detail as this can have a detrimental impact as it should be being reviewed on behalf of the community.

During discussions the following points were made:

- Task and Finish work provides non-executive members a good opportunity to work with officers and representatives of the community and external organisations to develop policy and get a thorough knowledge of the services SSDC provides.
- The overview that comes from Scrutiny Committee in the form of recommendations is taken into account by the Executive.
- The committee provides insight and knowledge that provides confidence and encourages members to ask difficult questions effectively.
- Some Scrutiny Committee members would like a more formal scrutiny arrangement of the transformation involving more members.
- The Transformation Board agenda is sent to all members so they can contribute through Cllrs Sue Steele and John Clark.

- The next Transformation Board is on 18th November- as at yet there are no reports scheduled to go before District Executive
- No CRM system, software or hardware has been procured yet, IT and Ignite consultants have met with every service and conducted analysis of all the IT Systems that are in use and are required in the near future and a draft plan is being developed now.
- In the future model there will still be clear lines of accountability but they will run across the organisation opposed to up and down as they do now, there will still be a named report lead and manager.
- There is a relationship between Income Generation and Transformation, it takes a long time to build up an income stream and to generate other efficiencies, it is not realistic to think we can achieve enough through Income Generation to lessen the pressure to achieve savings through Transformation and we should always be looking to achieve the most efficient way of doing things on behalf of our residents.

Members commented that they had been advised at their Transformation workshops that they would need to change with regard to Transformation and asked for clarification and examples. The CEO responded "A detailed transition plan will be developed for how members' will engage with the authority, for example if members' continue to go to Officers X for this and Y for that this could undermine the process. Ultimately what it means for members is still in member hands, how do you want it to benefit you and your work?"

The CEO went on to explain that in Eastleigh members had Members View, this enabled members to request support and raise issues and track the progress of their requests.

Scrutiny Committee asked what consultation has and is being done to identify what our residents want and need from SSDC.

Officers explained there would be service testing with customers before we go live and an evaluation of how customers think our services are improving and have also conducted a study of social media.

Scrutiny Committee raised concerns of this process and said they felt more needed to be done to ensure we identified exactly what customers want and need to inform the process moving forward and that we don't assume.

Scrutiny Committee members requested they have sight of the member's transition plan identifying the main steps of members' involvement with an accompanying communication plan for member involvement. It was also suggested that Scrutiny Committee could aid this part of the process with a Task and Finish group.

Scrutiny Committee – 3rd January 2017

At the January meeting, the Assistant Director for Finance and Corporate Services supported by members of the Finance team gave a presentation to members, covering the following points: (a copy of the presentation can be provided on request)

- Legal requirements of setting a balanced budget by the 11th March
- The Financial Management Process and the relationship between the Council Plan and Key Strategies and financial planning. Members were reminded of the key

Scrutiny role of ensuring that the Council plan is adequately resourced on an annual basis.

- The SSDC approach to setting the budget including the annual setting of priorities, identifying underspends and unavoidable budget pressures.
- Signs that an authority may be reaching the 'Tipping Point' including decision paralysis and an inability to fulfil statutory functions.
- How to scrutinise a budget by checking it aligns with an up-to-date Council Plan and other key strategies, what are the risks? Are the judgements sound? Have the appropriate Equality Impact Assessments been conducted? Has the necessary consultation been carried out?
- The difference between Audit and Scrutiny roles in financial planning and monitoring.

During discussions, the following points were raised:

- As the authority moves forward, there will continue to be a reduction in the level of funding available and members will need to make informed decisions about what services and projects are priorities and what cannot be done. All members need to be a part of this discussion and there will need to be an updated Annual Action Plan to inform these discussions.
- It's important not to take 'knee jerk decisions' in relation to financial decisions, and continuing with our robust financial management arrangements will mean we should be able to take a considered approach, considering all of the evidence and assessing the risks.
- The benefits of internal borrowing were explained to members in that using our own capital to purchase items such as fleet vehicles was a better long term options as the capital sum would be repaid by the service and the council would be the owner of the asset.

The Scrutiny Committee thanked the officers for a very informative presentation and discussion.

Members then considered the reports contained in the District Executive Agenda for the 5th January and made the following comments:

Report from Yeovil District Hospital

Members noted this report.

Direct Hostel Provision, Move on Accommodation and Support

Scrutiny members were grateful to Colin McDonald for attending the meeting at short notice to answer their questions.

Members sought assurance that multi-agency solutions to addressing homelessness are being sought where appropriate and that effective monitoring arrangements are being put in place to ensure that long term solutions are being provided to our most vulnerable residents?

Members noted that £160k would be added to the MTFP for the next 2 financial years whilst the impact of recent legislative changes are assessed.

Scrutiny Committee were keen that the scheme is effectively measured in terms of outcomes achieved particularly in the longer term.

Also if we could collect data with regards to the issues that have been experienced accessing mental Health Services.

Council Tax Support Scheme

Members supported the recommendations and specifically made reference to supporting the current 15% minimum payment be retained whilst the impact of the roll out of Universal Credit is assessed.

Strategic Commercial Land and Property Project

Members supported the principles of becoming more commercially minded to support SSDC's ambition to generate further income streams to support our Corporate priorities. We would note that it will be important to ensure governance arrangements do not unnecessarily hinder a more commercial approach but would like to reiterate the importance of accountability and transparency when dealing with public funds.

Members welcomed the potential for SSDC to develop the in-house capacity so that in the future we will be better placed to put suitable regeneration schemes together ourselves and sought assurance that the money being spent at this stage would lead to knowledge being retained within the organisation over the longer term.

Members sought clarification as to what the decision making process will be for the final strategy and assumed that it will need to be a Full Council decision?

The importance of looking at other authorities **comparable** to SSDC was stressed as part of the Strategy development process.

Policy for Awarding Private Sector Housing Grants/Loans

Scrutiny supported this approach to maximising available funding streams to provide DFGs. They asked for clarification that any monies paid into funds such as the Joint Community Equipment Service would be solely for the benefit of SSDC residents and wouldn't be spent elsewhere in the county?

In light of the issues currently facing local authority financing and the importance of needing to retain an element of flexibility, members questioned the prudence of allocating specific levels of funding within the policy and suggested that robust monitoring would be needed to ensure that resources were allocated to where they are most needed.

Medium Term Financial Plan

Members thanked members of the Finance Team for the informative training session held prior to the consideration of this item.

The Committee noted that a fundamental role of scrutinising the budget is to assess whether resources are being allocated to support the delivery of the Council's priorities. Currently, we do not have an updated Council Plan which in turn means that Capital bids cannot be assessed, thus leading to an MTFP that is not as complete as it has been in previous years. We were pleased to note that the Leader stated that the updated Action Plan would be available for comment on Friday prior to adoption by Full Council.

We noted that the Car Parking ANPR project will not now go ahead leading to a loss in anticipated income.

Members questioned the profiling of the savings attributed to the Transformation Programme and sought reassurance that the programme is on track to deliver the anticipated level of savings.

We noted the CEO's explanation that delivering as successful Transformation Programme would be an inevitable draw on organisational capacity. Transformation will need to be a priority and this will mean there are some things that we can no longer do and that members would be consulted with as soon as possible about indicative priorities.

The Committee were reminded of the need to conduct appropriate consultation on proposed changes as well carrying out Equality Impact Assessments.

The Committee questioned the Unavoidable Budget pressure of removing the Intern Levy and whether this meant we were ceasing the Intern programme. We were pleased to note that in fact we were hoping to increase the number of Interns and apprentices and that the staffing structure after Transformation will incorporate interns and apprenticeships.

South Somerset Economic Development Monitoring Report

Members thanked Paul Wheatley and his team for all their hard work in bringing forward this report and wished Paul well for his future role.

Members noted that going forward it would seem more appropriate to slightly shift the focus of reporting to the additional employment floor space provided as opposed to land used as this would be a more realistic measure. Simply looking at the land target a little too simplistic and would we be better taking a more holistic approach to measures we can introduce to stimulate the economy?

Scrutiny Committee noted the obvious link between this work and the emerging ED Strategy and asked that Scrutiny, as has been the case previously, would be involved in the development of the policy.

Members would support a start on the Local Plan refresh process sooner rather than later – now would seem a perfect time to start planning in workshops as we have 11 years of data to make more informed policy decisions and to ensure resources are more accurately directed going forward.

We would support SSDC maintaining an active role in the multi agency discussions about the future of the A303 and the A358.

Appointment of Members to the Somerset Rivers Authority Joint Scrutiny Panel

The Committee appointed Councillors Mike Beech and Val Keitch to the Somerset Rivers Authority Joint Waste Panel.

Scrutiny Work Programme

Members noted the content of the Scrutiny Work Programme. Members were reminded that as from the 20 January there would only be 2 days a week dedicated Scrutiny Manager time and that the priorities of the Committee would need to be adjusted accordingly.

Task and Finish Work

The following Task and Finish Groups are currently in progress:

- **Consent for Disposal of properties –**

  A report would be coming forward re-focusing this work on the SSDC Rural Lettings policy and how the impact of Yarlington's continued disposal of rural properties can be mitigated.

- **Discretionary Housing Payments –** Final report of this group will to Scrutiny in March

- **Street Trading –** The draft Street Trading Policy is now out for consultation – the consultation period will end on 3rd February.

- **Council Tax Support –** The Task and Finish report is being compiled and is scheduled to come forward to Scrutiny Committee next month.

- **National Non Domestic Rates Discretionary Relief –** The scrutiny manager explained that within the Autumn Statement it was announced that Rural Rate relief would be increased. This will remove the disadvantage that would have been caused by the change to the small business rate relief policy. This leaves a disconnect with organisations that are in receipt of charitable relief that have a small Rateable Value that needs to be considered and will be reported on.

- **Right to Buy Clawback –** A meeting date is being co-ordinated, hopefully for December.

Sue Steele
Chairman of Scrutiny Committee

Motions

The following Motion has been submitted by Councillor Amanda Broom:-

WASPI (Women Against State Pension Inequality

The Council calls upon the Government to make fair transitional state pension arrangements for all women born on or after 6th April 1951, who have unfairly borne the burden of the increase to the State Pension Age (SPA).

Additional information:

On behalf of Somerset residents and women born in the 1950's I ask for your support with the following issue:

Significant changes to the age women receive their state pension have been imposed upon women born in the 1950's. These changes were imposed with little or no notice and take effect much earlier than was promised. Some of these women have been hit by more than one increase. We do not disagree with the legislation which results in these changes, but rather with the inadequate notice given to this group of women - in some cases as little as two years. We are seeking transitional payments to assist with the financial hardship resulting from the accelerated increase in State Pension Age, which has disproportionately affected this group of women.

WASPI women are among the worst affected by the speed up - those born 6 April 1953 to 5 April 1955 – who were written to in January and February 2012. In 2012, they were aged 58 when they were sent a letter telling them that their pension age would not be 60, but would be almost 66.

Some women, of course, may have discovered previously that their pension age had already been extended once. For them the letters sent in 2012 arrived only between four and eight years before that revised pension date. It told them that their state pension age was to be extended further by between two and eighteen months. Again, they are in the group hardest hit, facing an eighteen month extension to the original extension.

The accelerated increase in SPA does not affect only women. Men married to women born in the 1950's are in many cases, 3 years older than their wives. Their financial plans for retirement included their wife's pension. In the case of a wife born in 1954, she will not receive her pension until she is almost 66 when her husband will be 69 years of age. The man's pension must now also support his wife, not just himself, for four unplanned years. This married couple were not given the necessary information in time to make provision for this massive shortfall, even assuming that it would have been possible at such a late stage in both of their careers.

To further aggravate the situation, the number of qualifying years required for a full state pension has recently been increased from 30 to 35 years. For those women unable to obtain employment sufficiently well paid to merit National Insurance Contributions this will result in a further 14% reduction in their pension when they eventually receive it, in our case some 6 years later than anticipated.

Hundreds of thousands of these women are suffering financial hardship, with not enough time to re-plan for their retirement. With no other source of income, securing suitable work is proving impossible, and zero contract hours or Job Seekers' Allowance is the only alternative for many.

The following Motion has been submitted by Councillor Graham Oakes:-

Funding of Community Pharmacies

This Council notes:

- The £170 million reduction in NHS funding for community pharmacies announced on 17th December 2015 which could put many out of business.
- The announcement made by the Government on 5th September 2016 of the delay to the cuts which were due to be introduced in October 2016.
- The scrapping of the plans to introduce a "hub and spoke" model for all community pharmacies.

This Council believes that:

- The Government's plans threaten patient access to pharmacies and pharmacy services in the South Somerset District Council area and that recent announcements are causing uncertainty about future investment in pharmacy services.
- Our local pharmacies are at risk of closure or being forced to cut services such as free delivery of prescription drugs, family planning advice and advice on medicines.
- This will put more pressure on GPs and hospitals and impact on social services and is at odds with the Clinical Commissioning Group's desire to increase the use of pharmacists to ease pressure on GPs.

This Council resolves to:

1. Request that the Chief Executive (or Leader of Council) writes to the Secretary of State for Health, calling for the Government to abandon these cuts, rather than just simply to postpone them, and to make a commitment to maintain a fully-funded community pharmacy service.
2. Request that the Chief Executive (or Leader of Council) also writes to the MPs for Yeovil and Somerton & Frome, along with the Chair of the Somerset Clinical Commissioning Group asking them to make similar representations on this matter to the Secretary of State for Health.
