



Meeting: County Council  
 Time: 10.00 am  
 Date: 16 February 2017  
 Venue: Council Chamber, County Hall, Colliton Park, Dorchester DT1 1XJ

Andrew Cattaway (Chairman)	Hilary Cox (Vice-Chairman)	Pauline Batstone
Richard Biggs	Steve Butler	Mike Byatt
Andy Canning	Ronald Coatsworth	Robin Cook
Toni Coombs	Barrie Cooper	Deborah Croney
Lesley Dedman	Janet Dover	Fred Drane
Beryl Ezzard	Peter Finney	Spencer Flower
Ian Gardner	Robert Gould	Matt Hall
Peter Hall	David Harris	Jill Haynes
Colin Jamieson	Susan Jefferies	Mervyn Jeffery
David Jones	Trevor Jones	Ros Kayes
Paul Kimber	Rebecca Knox	Mike Lovell
Steven Lugg	David Mannings	Andrew Parry
Margaret Phipps	Peter Richardson	Clare Sutton
Mark Tewkesbury	William Trite	Daryl Turner
David Walsh	Peter Wharf	Kate Wheller

#### Notes:

- The reports with this agenda are available at [www.dorsetforyou.com/countycommittees](http://www.dorsetforyou.com/countycommittees) then click on the link "minutes, agendas and reports". Reports are normally available on this website within two working days of the agenda being sent out.
- We can provide this agenda and the reports as audio tape, CD, large print, Braille, or alternative languages on request.
- **Public Participation**

Guidance on public participation at County Council meetings is available on request or at <http://www.dorsetforyou.com/374629>.

#### Public Speaking

Members of the public can ask questions and make statements at the meeting. The closing date for us to receive questions is 10.00am on 13 February 2017, and statements by midday the day before the meeting.

**Debbie Ward**  
 Chief Executive

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Date of Publication:  
 Wednesday, 8 February  
 2017

### 1. **Apologies for Absence**

To receive any apologies for absence.

### 2. **Code of Conduct**

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests.

- Check if there is an item of business on this agenda in which the member or other relevant person has a disclosable pecuniary interest.
- Check that the interest has been notified to the Monitoring Officer (in writing) and entered in the Register (if not this must be done on the form available from the clerk within 28 days).
- Disclose the interest at the meeting (in accordance with the County Council's Code of Conduct) and in the absence of a dispensation to speak and/or vote, withdraw from any consideration of the item.

The Register of Interests is available on Dorsetforyou.com and the list of disclosable pecuniary interests is set out on the reverse of the form.

### 3. **Minutes**

5 - 20

To confirm and sign the minutes of the meeting held on 10 November 2016 and 26 January 2017.

### 4. **Public Participation**

- (a) Public Speaking
- (b) Petitions

### 5. **Chairman's Announcements**

To deal with correspondence, communications or other business brought forward by the Chairman.

- (a) Deaths of Former Members of the Council
- (b) Chairman's Announcements

### 6. **Leader's Announcements**

To deal with business raised by the Leader of the Council which is not otherwise be raised under any other item on the agenda. Questions from members will be invited on the issues raised by the Leader.

### 7. **Questions from County Councillors**

The Chairman of the Council, Leader of the Council, Cabinet Members, or chairmen of appropriate committees to answer questions on any business not covered on this agenda, including any questions on the discharge of the functions of the Fire Authority. The closing date for the receipt of questions is 10.00am on 13 February 2017. This item is limited to 45 minutes.

### **Cabinet**

The Chairman of the Cabinet to present and move the adoption of the following reports and to answer questions, if any, under Standing Order 19:-

### 8. **Meeting held on 16 November 2016**

21 - 26

9. <b>Meeting held on 14 December 2016</b>	27 - 36
10. <b>Meeting held on 18 January 2017</b>	37 - 44
11. <b>Meeting held on 1 February 2017</b>	45 - 128
Recommendation 23 - Medium Term Financial Plan (MTFP) and Budget 2017/18 to 2019/20	(46-47 & 55-76)
Recommendation 24 - Asset Management Capital Priorities	(47-48 & 77-98)
Recommendation 25 - Treasury Management Strategy Statement and Prudential Indicators for 2017-18	(49 & 99-128)

### **Overview and Scrutiny Committees**

The Chairmen of overview and scrutiny committees to present and move the adoption of the following reports and to answer questions, if any, under Standing Order 19:-

12. <b>People and Communities Overview and Scrutiny Committee - 11 January 2017</b>	129 - 136
13. <b>Safeguarding Overview and Scrutiny Committee - 19 January 2017</b>	137 - 144
14. <b>Economic Growth Overview and Scrutiny Committee - 25 January 2017</b>	145 - 152
15. <b>Dorset Health Scrutiny Committee - 14 November 2016</b>	153 - 158
16. <b>Dorset Health Scrutiny Committee - 21 December 2016</b>	159 - 162

### **Recommendations from Committees**

The Chairmen of the relevant committees to present and move the adoption of the following recommendations and to answer questions, if any, on the proceedings in respect of the recommendations below:-

17. <b>Recommendation - Statutory Officer Panel Terms of Reference (Disciplinary Investigation Process for the Chief Executive and Statutory Officers)</b>	163 - 172
To consider a recommendation from the Staffing Committee meeting held on 22 November 2016, and the Audit and Governance Committee meeting held on 20 January 2017.	
18. <b>Recommendation - Appointing the External Auditor</b>	173 - 180
To consider a recommendation from the Audit and Governance Committee meeting held on 20 January 2017.	
19. <b>Recommendation - Constitutional Changes</b>	181 - 186
To consider a recommendation from the Audit and Governance Committee meeting held on 20 January 2017.	
20. <b>Recommendation - Pay Policy Statement 2017/18</b>	187 - 212
To consider a recommendation from the Staffing Committee meeting held on 30 January 2017.	

21. **LGPS Investment Reform and Pooling - Approval of the Full Business Case for the Brunel Pension Partnership** 213 - 214

To receive a minute of the Pension Fund Committee meeting held on 9 January 2017.

22. **Appointments to Committees**

To agree any changes to the chairmanship or membership of committees, including any changes notified by Group Leaders.

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**Notes for Members**

- Coffee/tea will be available in the Members' Room before and after the meeting.
  - A lunch will be provided for councillors and officers in the Members' Room following the meeting.
  - A seminar will be held for all members in Committee Room 1 following the meeting in relation to Shaping Dorset's Future.
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### County Council

Minutes of the meeting held at County Hall, Colliton Park, Dorchester,  
DT1 1XJ on Thursday, 10 November 2016.

#### Present:

Andrew Cattaway (Chairman)

Hilary Cox (Vice-Chairman)

Pauline Batstone, Richard Biggs, Steve Butler, Mike Byatt, Andy Canning, Ronald Coatsworth, Robin Cook, Toni Coombs, Janet Dover, Fred Drane, Beryl Ezzard, Peter Finney, Spencer Flower, Ian Gardner, Robert Gould, Matt Hall, Peter Hall, David Harris, Jill Haynes, Colin Jamieson, Susan Jefferies, David Jones, Trevor Jones, Ros Kayes, Paul Kimber, Rebecca Knox, Mike Lovell, Steven Lugg, David Mannings, Margaret Phipps, Peter Richardson, Clare Sutton, Mark Tewkesbury, William Trite, Daryl Turner, David Walsh, Peter Wharf and Kate Wheller.

Officers Attending: Debbie Ward (Chief Executive), Helen Coombes (Interim Director for Adult and Community Services), Mike Harries (Director for Environment and the Economy), Jonathan Mair (Monitoring Officer), Jim McManus (Chief Accountant), Patrick Myers (Assistant Director - Design and Development) and Lee Gallagher (Democratic Services Manager).

(Note: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the County Council to be held on **Thursday, 26 January 2017.**)

#### Apologies for Absence

81 Apologies for absence were received from Barrie Cooper, Deborah Croney, Lesley Dedman and Mervyn Jeffery.

The Chairman welcomed Cllr Matt Hall (elected on 3 June 2016) and Cllr Steven Lugg (elected on 1 September 2016) to their first meetings of the Council. It was further noted that a by-election would be held on 1 December 2016 to fill a vacancy for the Ferndown Electoral Division following the resignation of Cllr Ian Smith on 3 October 2016.

#### Code of Conduct

82 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

#### Minutes

83 The minutes of the meeting held on 21 July 2016 were confirmed and signed.

#### Public Participation

##### 84 Public Speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There was one public statement received at the meeting in accordance with Standing Order 21(2) from Mr Lester Taylor, a Dorset resident and member of the UK Independence Party, in relation to minute 88 regarding the Future of Local Government in Bournemouth, Dorset and Poole. The statement is attached to these minutes as an annexure.

### Petitions

There were no petitions received at the meeting in accordance with the County Council's Petition Scheme.

### **Chairman's Announcements**

85 The Chairman reported on a number of events that had been attended by himself and the Vice-Chairman since the last meeting, which included four citizenship ceremonies; Civic Leaders' Event on 13 August hosted by the High Sheriff; President's Reception at the Gillingham and Shaftesbury Show; flight of the Red Duster for Merchant's Navy Day; Mayor of Wimborne's Civic Day; Rifles Freedom Parade in Blandford; Dorset Best Kept Village Awards evening; Lord Lieutenant's County of Dorset Annual Awards Ceremony; unveiling of the Queen Mother Statue in Poundbury by HRH the Queen, Duke of Edinburgh, Prince of Wales and Duchess of Cornwall; and the High Sheriff's Dorset Legal Church Service.

The Chairman also took the opportunity to remind members of the Council's remembrance service at County Hall on Friday 11 November 2016.

### **Leader's Announcements**

86 The Leader of the Council raised the following matters facing the Council and achievements through transformation, and invited questions from all members:

#### Development of Dorset's Community Offer for Living and Learning

It was reported that initial funding of £24k had been secured from the One Public Estate initiative funded by the Cabinet Office Property Unit in partnership with the Local Government Association, to work towards a bid for admission to the full Programme in December 2016 and to receive funding of up to £500k. The Programme would promote sharing and collaboration initiatives between public sector partners to work together to facilitate services for the public.

#### Work with the NHS and production of the Sustainability Transformation Plan for Dorset

A five year 'forward view' was announced by the NHS in 2014 which outlined the scale of change facing the NHS by 2021. This included the development of Sustainability and Transformation Plans (STP) to address ambitious longer term challenges and apply national priorities across health organisations and local authorities. The Dorset STP was agreed by the Health and Wellbeing Board for submission to the NHS and had received positive comments nationally for its partner engagement. All members were encouraged to read the plan.

#### Programme of Syrian Refugee Resettlement

The Programme to provide secure accommodation and support for refugees was underway with partners and the voluntary sector, with the first two Syrian refugee families due to arrive in Dorset in November 2016. It was also noted that the Council supported the Race Equality Council in wider migrant events, with public and volunteers, to provide positive messages and to show that Dorset was playing a full role in welcoming refugees to the Country. Members recognised the successful event held in Weymouth and Portland on Saturday 5 November 2016.

#### Public Transportation Offer

The development and support of the public transportation offer was explained, following recent consideration by the Cabinet. The approach would aim to develop services and the supporting transport network that community transport offers would feed into. In addition there would be a Community Transport Grant of up to £5k available to support communities to set up schemes on a match-funded basis. Members noted that there was already some significant interest in the grant which would enable ICT, marketing, training of staff and volunteers, as well as other aspects of setting up of schemes for communities.

In relation to isolated communities, a question was asked about how the message was getting to the public so they could use the grant funding effectively. The Leader reminded members that in their roles they would need to be involved in giving the messages as they were best placed to identify local issues, identify key people and shape what would suit their communities.

### Achievements

The Leader summarised a number of awards and achievements, which included:

- Dorset Countryside win National Awards for excellence for parks at Avon Heath, Blandford and Gillingham
- Dorset County Council and the Dorset Coast Forum have been successful in a £800,000 funding bid to the European Maritime and Fisheries Fund to support the fisheries sector to maximise local economic growth opportunities.
- Hardy's Birthplace Visitor Centre, Thorncombe Woods has won an International Green Apple Award for the Built Environment and Architectural Heritage 2016.
- Dorset AONB Team hosted by DCC has secured a share of up a £500m National Grid fund to put power lines underground and reduce the visual impact on Dorset landscape whilst boosting the local economy.
- Dorset Property – completion of critical summer projects in schools before the start of the new academic year in September 2016.
- Officers leading on the Council's Outcomes Based Accountability (OBA) approach, attended the OBA annual international conference in Belfast last month to present and run a workshop on work within Children's Services.
- A six-strong DCC team won the recent South West Local Authority Challenge, plus the individual award for 'best recovery plan'.

In relation to property projects in schools, Cllr Coombs, as the former Cabinet Member with responsibility for the Modernising Schools Programme, and Cllr Peter Hall as the local member, sought an update regarding a delay in the delivery of the new Marsh Lane School in Christchurch given the pressure for 30 new school places in the area. The Leader undertook to provide a written response, and confirmed that the Modernising Schools Programme Board would consider an update in the coming weeks, and that all would be done to deliver school places for young people in Christchurch.

In addition to the points raised above, Cllr Janet Dover, as the Leader of the Liberal Democrat Group, requested that the Leader's statement be provided for members routinely for Council meetings. The Leader confirmed that there was not a prepared note in advance of the meeting and the aim of the item was to provide a spontaneous and informal update on current issues.

### **Motions**

87

#### Clause 21 of the Bus Bill

The Council considered a motion submitted by Councillor Ros Kayes regarding Parliament's consideration and content of Clause 21 of the Bus Bill.

Cllr Kayes introduced her motion, explained what it entailed, what it was designed to do and what the implications for the County Council would be if Clause 21 of the Bus Bill was enacted. She felt that the Bill did not support the principles of localism or encourage the investment in social enterprise and would have a detrimental effect on how passenger transport needs were met. She considered that the ability of local authorities to be able to continue to play their part in influencing how passenger transport arrangements were implemented to benefit the needs of its users would be severely compromised by this legislation. Given that the Bill was to be given a third reading in the House of Lords on 23 November 2016, she considered that there was an urgent need for the County Council to take the opportunity to have some input into

this. Cllr Kayes proposed that Standing Orders to be suspended to allow the Council to be able to debate and vote on the matter. Cllr Janet Dover seconded the proposal.

Clarification was sought about the protocol for acceding to this request, in light of there not having been any previous indication on the agenda that this would be the case. The Monitoring Officer confirmed that a motion to suspend Standing Orders could be voted upon without notice. On being put to the vote, the proposal to suspend Standing Orders was lost.

Whilst some members considered that the opportunity would be lost to influence the way in which the Bill was shaped, ways in which this motion could be considered expediently were suggested. It was considered that the best means would be for the Economic Growth Overview and Scrutiny Committee to consider the motion in January 2017 but the Overview and Scrutiny Management Board would receive a provisional briefing at its meeting on 11 November 2016.

### **Resolved**

That the motion be referred to the Economic Growth Overview and Scrutiny Committee, and for a provisional briefing to be received by the Overview and Scrutiny Management Board on 11 November 2016.

## **Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole**

88 The Council considered a report by the Chief Executive to inform members on the progress of the exploration of options for the future of Local Government in Bournemouth, Dorset and Poole.

The Chief Executive introduced the report and summarised the progress in relation to potential local government reorganisation following consideration at Council meetings held in March, April and July 2016. An update on the work of the Shaping Dorset's Future Group and the detail of the timetable leading to a county wide decision making period in January 2017 were also provided. It was reported that the evidence to inform the decision making process would be shared with all members on 5 December and agendas would be published on 23 December 2016 for the People and Communities Overview and Scrutiny Committee on 11 January and Council meeting on 26 January 2017.

In relation to earlier consideration of the election arrangements for 2017, the Chief Executive confirmed that the election must be held as planned on 4 May 2017. Guidance had been given from the Secretary of State, the Department for Communities and Local Government and separate specialist legal advice had been sought as there was no reason to justify making an application. Due to the timetable for Local Government Reorganisation, no decision would be made and could not be made before January 2017. Any application to delay the election made in November 2016 would be considered as predetermination.

Members were shown a video to provide information in relation to the response rates of the consultation. This did not include the results of the consultation.

One public statement was received at the meeting under minute 84 in accordance with Standing Order 21(2) from Mr Lester Taylor, a Dorset resident and member of the UK Independence Party. The statement is attached to these minutes as an annexure.

Members discussed in detail the approach towards decision making in January 2017 which would include consideration by the Leaders of all nine Councils to explore whether agreement could be reached on a proposal to be presented to all councils. Some concerns were raised in relation to the arrangement and how the process



would work if agreement could not be achieved. The Chief Executive explained that the ambition was to achieve unanimous agreement on a proposal but this was not a requirement and that a consensus would be sufficient. The Chief Executive reminded members that although Leaders would make recommendations the decision making would be the responsibility of each of the individual sovereign authorities. Contrary to local views expressed outside of the meeting the Chief Executive also confirmed that the law allowed for a case for change to be submitted to the Secretary of State without unanimous agreement of the nine principal local authorities..

In relation to concerns raised in respect of whether a directly elected mayor would be imposed on any new council(s), it was clarified that this was a consideration in relation to any proposed devolution of enhanced powers to local government. It was not though a consideration in terms of the future of local government structures in Dorset which councils had recently consulted upon. Although the matter was closely aligned with Local Government reform, consideration of directly elected mayors would be a part of separate council decisions about any potential devolution arrangement with Government. The Leader referred to what he believed to be widespread opposition across rural counties in England to the introduction of directly elected mayor. It was noted that Group Leaders would also consider the matter in January 2017 together with the Shaping Dorset's Future Group.

A question was asked in relation to the process for forming town councils in any new arrangements, to which the Chief Executive clarified that primarily this would be a consideration for the relevant district or borough council.

A number of concerns were shared at the meeting in relation to the scale, content and cost of the consultation exercise. The Chief Executive explained that the responses provided a statistically valid response rate, that views on the content had been shared with the external company running the consultation to ensure appropriate challenge to the process, and that the cost was shared between all councils through transformation funding received from Government to support work on the Councils' Combined Authority review. It was noted that a financial summary would be circulated after the meeting.

The Leader confirmed that the County Council approach to decision making would be as open and transparent as possible. He also confirmed that information would be shared with members at the appropriate stages, providing that there was content to share, as it would not be possible to share verbatim verbal updates given to leaders.

Thanks were passed to officers for the hard work, commitment and effort shown to date, irrespective of the outcome of the consultation in due course. It was noted that the consultation continued a good track record of public engagement.

### **Resolved**

1. That the progress of the Shaping Dorset's Future Programme, and the 'Working Together' Programme with Parish and Town Councils be noted.
2. That the details of the public consultation on local government reform presented at the meeting be noted.
3. That the timeline and process through to a potential submission to the Secretary of State in February 2017 be noted.
4. That the Leader's authority after consultation with the Chief Executive and Shaping Dorset's Future Board to seek a consensus position with the eight other principal councils, as requested by government, be confirmed.
5. That the position with regard to the 2017 County Council elections be noted.

### **Reason for Decisions**

To ensure local government services were sustainable and residents, businesses and communities were supported by the most effective local government arrangements.

### Questions from County Councillors

89 The following questions were asked under Standing Order 20:

1. Cllr Susan Jefferies and Cllr Kate Wheller asked the Cabinet Member for Adult Health, Care and Independence questions in relation to Tricuro.
2. Cllr Susan Jefferies asked the Cabinet Member for Health and Wellbeing and Children's Safeguarding in relation to Serious Case Reviews.
3. Cllr Kate Wheller asked the Cabinet Member for Learning and Skills and Cabinet member for Organisational Development and Transformation a question in relation to Living and Learning Centres.
3. Cllr Paul Kimber asked the Cabinet Member for Learning and Skills a question in relation to IPACA.
4. Cllr Kate Wheller asked the Cabinet Member for Environment, Infrastructure and Highways a question in relation to Highways Adverts.

The questions and answers are attached to these minutes as Annexure 1.

### Reports of the Cabinet

The reports of the Cabinet meetings held on 7 September, 28 September, 10 October and 26 October 2016 were presented for adoption, together with recommendation from the meeting held on 28 September 2016 for approval.

#### Meeting held on 7 September 2016

90 Tricuro Executive Shareholder Group – 24 June 2016

In relation to minute 121a, Cllr Janet Dover expressed concern and disappointment that the company's original arrangement was not to make changes to terms and conditions within five years, which appeared to now be happening. The Cabinet Member for Adult Health, Care and Independence responded to the question to echo the response given under member questions earlier in the meeting, indicated that terms and conditions of staff was an sensitive operational issue for Tricuro, and clarified that the changes were not due to the county reducing its budget contribution. However, it was confirmed that changes would be due to Tricuro reviewing its competitiveness in market, and that the Executive Shareholder Group had considered the changes to terms and conditions in January and March 2016 prior to agreement as a reserved matter by all partner councils.

#### Resolved

That the report of the Cabinet on 7 September 2016 be adopted.

#### Meeting held on 28 September 2016

91 Dorset County Council Environmental performance, policies and greenhouse gas emissions 2015/16

In relation to minute 137, Cllr Trevor Jones asked about the progress of a Transport and Movement Study in relation to the impact of parking arrangements across Dorchester as a local member, and highlighted the damage to the quality of life of people living in Dorchester. It was reported that the Council was working with the Dorset Councils Partnership and the Local Enterprise Partnership in order to determine the parking requirements for Dorchester, and that the report would not be completed until early 2017. Liaison with local members regarding the completion of the review would continue with the Cabinet Member for Environment, Infrastructure and Highways.

### Syrian Resettlement Programme

In relation to minute 136, a question was raised in relation to the placement of unaccompanied refugee children by the Council into out of county placements, and the commitment of members as corporate parents to ensure the quality of care packages for the children. The Cabinet Member for Health, Wellbeing and Children's Safeguarding confirmed that the Council was doing as much as it could to place children with suitable foster carers, but the situation was very fluid as the numbers changed frequently. The Cabinet Member undertook to raise the issue with the lead Cabinet Member for Learning and Skills and to encourage wider updates with elected members as corporate parents, especially with local members, and to provide a briefing.

Attention was also drawn to information from officers to appeal for household items to aid the settlement programme.

### Queen Elizabeth's School, Wimborne – Position Statement

A number of members raised questions regarding minute 143, to explore the outcome of the school replacement project to a conclusion, together with the provision of the detail relating to the matter. Confirmation was given that the Cabinet had taken careful advice on the matter which had brought the project to the end of a long and difficult period with the best possible resolution, the details of which were highly confidential and had been shared with members by email and through an invitation to attend the Cabinet meeting at the time. It was noted that information was available from the Monitoring Officer on request.

### Resolved

That the report of the Cabinet on 28 September 2016 be adopted and Recommendation 138 be approved.

### Recommendation 138 – Food and Feed Service Plan for Trading Standards Service Delivery 2016-17

1. *That the County Council be recommended to approve the Food Service Plan and Feed Service Plan for 2016-17 for delivery by the Trading Standards Service.*
2. *That the County Council be recommended to change the corporate Scheme of Delegation 2013 such that the reference in its appendix 3 to the Food Law Enforcement Service Plan is removed, thus allowing future Food Service Plans, Feed Service Plans or any service delivery plans relating to food law enforcement service delivery to be approved in the same manner as any other matter delegated to the responsible senior manager relating to the plans or work of the Trading Standards Service.*

### Reasons for Recommendations

1. *The plans set out specific areas of service delivery for the Trading Standards team in a brief and publicly available format. The approach set out would meet statutory requirements for service provision, and the need to produce plans to accord with the FSA Framework Agreement. This work also contributed to the Council's corporate outcomes of a healthy Dorset through maintaining food and feed composition and labelling standards and a prosperous Dorset, through fair trading and compliant businesses.*
2. *The changes would support the general drive of the Localism Act 2011 and the Council's Scheme of Delegation to increase flexibility and freedoms and reduce unnecessary bureaucracy through appropriate delegated power to the relevant senior manager, with appropriate means for consultation with the relevant Cabinet member lead.*

### **Meeting held on 10 October 2016**

92

### Resolved

That the report of the Cabinet on 10 October 2016 be adopted.

**Meeting held on 26 October 2016****93 Resolved**

That the report of the Cabinet on 26 October 2016 be adopted.

**Safeguarding Overview and Scrutiny Committee - Meeting held on 5 October 2016**

94 The report of the Safeguarding Overview and Scrutiny Committee held on 5 October 2016 were presented.

**Looked After Children**

In relation to minute 16, Cllr Pauline Batstone, as the Chairman of the Committee, emphasised the Authority's commitment to accommodating the needs of children in care and the importance this was given. Whilst the merits of foster care within the County was acknowledged, it was recognised that there was a need to look outside County for some placements as this was insufficient supply to meet that demand. How youth workers engaged with children in care and what part they played in their wellbeing was also discussed.

Reference was made to the Task and Finish Group for Looked after Children which had been established to ensure there was a specific focus on this important matter. Members felt that consideration should be given to what social workers were able to offer these vulnerable children and how they might be engaged, wherever possible, in the first instance in preference to agency staff.

The Cabinet Member for Health, Wellbeing and Children's Safeguarding considered that, whilst still challenging, there were improvements to be seen in how children in care were accommodated and she was confident that measures were in place to ensure this was sustainable and their needs were met.

**Resolved**

That the report be adopted.

**People and Communities Overview and Scrutiny Committee - Meeting held on 11 October 2016**

95 The report of the People and Communities Overview and Scrutiny Committee held on 11 October 2016 were presented.

**Motions referred from Council on Racism and Xenophobia**

Cllr David Walsh, as the Chairman of the Committee, explained how the Committee was being developed and in relation to minute 17, how the motion on hate crime and xenophobia was considered and what actions arose from this. Concerns had been raised over the prospect of an increase in hate crime following the decision for the UK to leave the EU but that, as yet, evidence to suggest this had not been analysed. The Committee was committed to monitoring what was being done to manage any escalation and had felt that any similar reaction to other vulnerable groups would benefit from scrutiny too.

**Registration Services**

In relation to minute 19, Cllr Colin Jamieson, as the Cabinet Member for Economic Growth, asked what opportunity there was for member involvement in the work being done on the consolidation of the Registration Service estate. Cllr William Trite, as the Chairman of the Policy Development Panel, explained that some degree of rationalisation of registration locations was necessary in order to meet savings requirements. He invited members to participate in the final meeting of the Panel on 2 December 2016 before recommendations were made back to the Committee in January 2017.

**Resolved**

That the report be adopted.

### **Economic Growth Overview and Scrutiny Committee - Meeting held on 12 October 2016**

96 The report of the Economic Growth Overview and Scrutiny Committee held on 12 October 2016 were presented.

#### Local Enterprise Partnership (LEP) and Growth Board

Cllr Daryl Turner, as the Chairman of the Committee, referred to how the Committee had developed its understanding of the role of the Dorset LEP and what relationship the County Council was able to have with it as part of minute 16. The Committee was able to see how working in partnership with the LEP could bring mutual benefits.

Cllr Mike Byatt asked for clarification on the status of the Weymouth Western Relief Road, as referred to in minute 16. Clarification was provided that the minute reflected the personal view of the Vice-Chairman of the LEP Board, Mr James Weld, on this matter.

#### Resolved

That the report be adopted.

### **Dorset Health Scrutiny Committee - Meeting held on 6 September 2016**

97 The report of the Dorset Health Scrutiny Committee held on 6 September 2016 were presented.

#### NHS Dorset CCG - Changes to GP Commissioning and Locality Working

In respect of minute 37, concern was expressed at the limited opportunity for consultation on changes to GP commissioning and locality working and the detrimental impact this could have on patients' choice of and access to surgeries. The Chairman of the Committee explained that there would be a sufficient opportunity for input from the public as a part of an engagement exercise with local communities to take place between October 2016 and March 2017. There was acknowledgment that this could have been given greater publicity.

Given the concerns expressed, it was agreed that this issue would be added as an urgent item to the committee meeting to be held on 14 November 2016.

#### Matters for Potential Joint Health Scrutiny Committees: South Western Ambulance Service NHS Foundation Trust (Independent Review and CQC Inspections) and Community Dental Services in East Dorset

In relation to minute 40, Cllr Kate Wheller expressed concern over how the ambulance service was being managed over weekend evenings, considering that too few were available and that this needed to be addressed.

In addition, she also indicated that she had specific experience in relation to dental services and offered to be involved in any review. The Chairman acknowledged the offer.

#### Resolved

That the report be adopted.

### **Dorset and Wiltshire Fire and Rescue Authority**

98 The minutes of the Dorset and Wiltshire Fire and Rescue Authority held on 23 June and 14 September 2016 were presented.

#### Water Sprinklers in Schools

Cllr Rebecca Knox, as the Chairman of the Dorset and Wiltshire Fire Authority, emphasised the importance of water sprinklers in schools and all County Council new builds. She had been reassured by the Director for Environment and the Economy that, wherever practicable, the installation of systems would be pursued. The Council

was pleased to hear about how sprinkler systems were to be incorporated in new build, considering this to be vital.

#### Retirement of the Chief Fire Officer

Cllr Knox announced that the Chief Fire Officer (CFO), Darran Gunter, was due to retire from the fire service at the end of November 2016 after 34 years of service, 11 of which were as the CFO. She considered the County was indebted to him for what he had achieved in his time as CFO, in how he had lead the Service into a successful merger with Wiltshire and the savings this brought, together with the emphasis put on prevention and the initiatives that had been realised, such as SafeWise. The following tributes were also presented:

- Cllr Spencer Flower highlighted the progress made by Dorset under the leadership of Mr Gunter as an exemplar in resilience and prevention.
- Cllr Toni Coombs felt that the initiatives he had developed in working with disadvantaged was highly commendable and noteworthy.
- Cllr David Harris, as Vice-Chairman of the SafeWise Trust wished his particular gratitude to be recorded for all Mr Gunter had done.

Members wished Mr Gunter well in his retirement and asked the Chairman to write to him to express their appreciation for all he had done to improve the safety for Dorset residents.

#### Resolved

That the minutes of the Dorset and Wiltshire Fire and Rescue Authority be noted.

#### **Appointments to Committees**

99 The following changes to committee appointments were reported to the meeting:

- Regulatory Committee: Cllr Lugg to replace Cllr Butler
- Children's and Adult Services Appeals Committee: Cllr Lugg to replace Cllr Batstone

In addition to the changes above, it was announced that Cllr Kate Wheller would replace Cllr Mike Byatt as the Deputy Group Leader for the Labour Group.

#### Resolved

That the changes to committee appointments outlined in the minute above be agreed.

Meeting Duration: 10.00 am - 1.15 pm



## County Council

Minutes of the meeting held at County Hall, Colliton Park, Dorchester,  
DT1 1XJ on Thursday, 26 January 2017.

### Present:

Hilary Cox (Chairman)

Pauline Batstone, Richard Biggs, Steve Butler, Andy Canning, Ronald Coatsworth, Robin Cook, Toni Coombs, Barrie Cooper, Deborah Croney, Lesley Dedman, Janet Dover, Fred Drane, Beryl Ezzard, Peter Finney, Spencer Flower, Ian Gardner, Robert Gould, Matt Hall, Peter Hall, David Harris, Jill Haynes, Colin Jamieson, Susan Jefferies, David Jones, Trevor Jones, Paul Kimber, Rebecca Knox, Mike Lovell, Steven Lugg, David Mannings, Andrew Parry, Margaret Phipps, Peter Richardson, Clare Sutton, Mark Tewkesbury, William Trite, Daryl Turner, David Walsh, Peter Wharf and Kate Wheller.

Officers Attending: Debbie Ward (Chief Executive), Richard Bates (Chief Financial Officer), Helen Coombes (Interim Director for Adult and Community Services), Mike Harries (Director for Environment and the Economy), Sara Tough (Director for Children's Services), Jonathan Mair (Monitoring Officer), Lee Gallagher (Democratic Services Manager) and Helen Whitby (Senior Democratic Services Officer).

(Note: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the County Council to be held on **Thursday, 16 February 2017.**)

### Apologies for Absence

100 Apologies for absence were received from Cllrs Mike Byatt, Andrew Cattaway, Mervyn Jeffery and Ros Kayes.

### Code of Conduct

101 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

The Monitoring Officer confirmed that advice by Monitoring Officers for all Councils was that all dual members on the County Council and District/Borough Councils were fully entitled to take part at both meetings to debate, speak and vote in relation to the options for the future of Local Government in Poole, Bournemouth and Dorset.

### Exploring Options for the future of Local Government in Poole, Bournemouth and Dorset

102 The Council considered a report by the Chief Executive on the future of Local Government in Poole, Bournemouth and Dorset, following reports to the Council on 10 March, 21 July and 10 November 2016. The Chief Executive provided an extensive summary of the transparent and open approach that the County Council has taken in reporting to Council meetings and providing presentations to members, together with the work of the Shaping Dorset's Future Board. The Case for Change, Financial Analysis and Public Consultation were explained as the three reports commissioned as part of the process of evaluating the opportunities for reorganisation across all nine authorities and in terms of the public engagement, and other factors such as devolution of powers to town and parish councils, the potential for service transformation, impact on economic growth and a test of financial assumptions. The previously agreed timetable was highlighted in respect of making a case to the Secretary of State and the ability to obtain consensus by councils to move forward with a recommended option which would see the formation of two unitary authorities

comprising i) Bournemouth, Christchurch and Poole, plus the services currently provided by Dorset County Council in the area, and ii) East Dorset, North Dorset, Purbeck, West Dorset, Weymouth and Portland, plus the services provided currently by Dorset County Council in this area. It was noted that all authorities would consider the same report (albeit with local covering reports) throughout January 2017.

In relation to the scrutiny of the report, the People and Communities Overview and Scrutiny Committee considered the same report on 11 January 2017 and made two recommendations for the Council to consider. One of the recommendations specifically related to the potential receipt of a request from Christchurch Borough Council to become part of a Dorset County Unitary Authority, and for the County Council to support their request. This contradicted the recommendations in the report and it was confirmed that this would create an unclear decision and potentially put the County Council in a position of needing a decision from another authority, have to consider a further report, and adversely impact on the timetable. An information note was circulated to members outside of the meeting by the Chief Executive to assist in providing the current position of Christchurch Borough Council which showed that so far scrutiny from its members had resulted in a resolution that the case for change had not been made, and also that no formal request had been received by the County Council. The second of the recommendations related to the ongoing need to consider and develop 'double devolution' of powers to town and parish councils. Cllr David Walsh, the Chairman of the Committee, introduced the draft minutes of the meeting and clarified that due to the update provided by the Chief Executive in relation to the current position of Christchurch Borough Council the recommendations would not be considered until later in the meeting, after the main recommendations within the report had been considered.

Cllr Gould, as Leader of the Council, proposed the recommendations in the report, and was seconded by Cllr Rebecca Knox. He highlighted that consideration of the report was an important milestone that would provide a momentous opportunity for the future of new and distinctive authorities serving Dorset in the best interests of the residents of the County and to join up services in a more efficient and effective way despite the strong financial challenges facing all nine councils. The open and inclusive approach with district and borough councils, and full engagement with town and parish councils regarding the future were commended. He acknowledged the continued need to promote and ensure devolution was achieved to the lowest possible level for local communities to make decisions. Cllr Gould also proposed that all votes be taken as recorded votes in relation to the item, which was seconded by Cllr Janet Dover. On being put to the vote it was agreed that all votes would be recorded in accordance with Standing Order 44.

An amendment to the recommendations was proposed by Cllr David Jones, and seconded by Cllr Colin Jamieson as an additional two recommendations, as detailed below:

*(A) The Council takes note of the concerns of Christchurch Borough Council over the process and consequences of the implementation of option 2(b).*

*(B) Council resolves that should the Christchurch Borough Council express at a later date, either before a submission to the Secretary of State or during the Secretary's consideration of the submission indicate a wish to become part of a Shire Unitary Authority this Council would support such a request.*

In relation to the amendment, a number of members made statements. The following issues were raised in favour of the amendments:

- Christchurch Borough Council had at no point been asked which unitary authority in the consultation it would prefer to be part of, and the matter was only being considered due to the pressure of back bench members. In contrast to the process followed by the County Council,
- The amendment was proposed as a loop hole pending consideration by



Christchurch Borough Council of the same report on Tuesday 31 January 2017

- Local residents did not want change, and felt that there was no case made for change.
- There was opposition to joining Poole and Bournemouth, although Christchurch Borough Council had expressed that the case had not been made.
- There was a presumption of a new town council being formed in place of the Borough Council which would cost residents an extra £150 in Council Tax per year and Bournemouth and Poole residents would pay less as part of Council tax equalisation.
- There may be access to £25m transitional grant from Government, although the Chief Executive clarified that there was no formal agreement yet but this was being pursued.
- That Christchurch Borough Council contributed historic funding to Dorset through the library and other services.
- The consultation questionnaire was flawed, misleading and biased towards the preferred authorities i) and ii) detailed above.
- Only 459 residents replied to the postal questionnaire which was less than 1% of the population of Christchurch.
- Bournemouth and Poole needed land which was available in Christchurch.
- Concern that timing and process would take priority over democracy.
- That not all parish council responses had been included in the consultation report, which was clarified later in the meeting as being summarised within the report.
- Local consultations outside of the main consultation had shown strong objection to change in the St. Leonards and St. Ives division.

The following issues were raised against the amendments:

- Concern was expressed that Christchurch Borough Council had not submitted a request to the County Council in relation to a preference, and specifically had not done so since the People and Communities Overview and Scrutiny Committee held on 11 January 2017. Clarification was provided by a member who indicated that only the Borough Council meeting could make the decision and it was not due to meet until 31 January 2017, but acknowledged that no request or indication of a request had been received by the County Council to date.
- That the consultation was reliable and would stand up to judicial review, with a meaningful level of responses.
- That there was support for reorganisation from residents in Christchurch.
- The option shown at i) and ii) above was the most financially viable option.
- The substantial risk associated with the timing of a submission to the Secretary of State prior to the County Council elections to enable Parliamentary consideration.
- A robust approach had been followed.

Members considered the points in favour and against the amendments, and that noting the concerns of Christchurch Borough Council was supported, but agreeing to the second amendment would risk delay in the process. The Monitoring Officer clarified that legally there was no criticism of the process by noting the concerns of Christchurch Borough Council.

In accordance with Standing Order 44, the votes for and against Amendment A were recorded as follows:-

For (23): Pauline Batstone, Ronald Coatsworth, Robin Cook, Toni Coombs, Deborah Croney, Lesley Dedman, Peter Finney, Ian Gardner, Robert Gould, Peter Hall, Colin Jamieson, David Jones, Paul Kimber, Rebecca Knox, Mike Lovell, Steven Lugg, Andrew Parry, Margaret Phipps, Peter Richardson, Clare Sutton, Mark Tewkesbury, William Trite and Kate Wheller.

Against (15): Richard Biggs, Steve Butler, Andy Canning, Barrie Cooper, Janet Dover, Fred Drane, Beryl Ezzard, Matt Hall, Jill Haynes, Susan Jefferies, Trevor Jones, David Mannings, Daryl Turner, David Walsh and Peter Wharf.

Abstain (3): Hilary Cox, Spencer Flower and David Harris

On being put to the vote the amendment was approved and added to the resolution below as resolution 3.

In accordance with Standing Order 44, the votes for and against Amendment B were recorded as follows:-

For (9): Ronald Coatsworth, Lesley Dedman, Peter Hall, Colin Jamieson, David Jones, Steven Lugg, Andrew Parry, Margaret Phipps, William Trite.

Against (31): Pauline Batstone, Richard Biggs, Steve Butler, Andy Canning, Robin Cook, Toni Coombs, Barrie Cooper, Hilary Cox, Deborah Croney, Janet Dover, Fred Drane, Beryl Ezzard, Peter Finney, Spencer Flower, Ian Gardner, Robert Gould, Matt Hall, David Harris, Jill Haynes, Susan Jefferies, Trevor Jones, Paul Kimber, Rebecca Knox, Mike Lovell, David Mannings, Peter Richardson, Mark Tewkesbury, Daryl Turner, David Walsh, Peter Wharf and Kate Wheller.

Abstain (1): Clare Sutton

On being put to the vote, the amendment was lost.

The Council debated the substantive motion, with the addition of the amendment above. The following issues were raised in favour of the recommendations:

- A member had been elected to the Council with the ambition to reorganise and redefine Councils in Dorset to reduce duplication, improve efficiency and promote a unitary upper council tier above town and parish councils.
- Strategic Partnership between all Dorset authorities had worked, together with many partnerships, but the introduction of unitary authorities would make this role more efficient and effective.
- Need to listen to the will of residents in Dorset as their preferred choice, firstly that there was a need for change, and secondly the clear support for the proposed composition of the future unitary authorities.
- 'Double Devolution' was already an area being considered and progressed by the Shaping Dorset's Future Group, and this approach would continue to be advocated, but it would be for the new authorities to determine their approach in due course.
- This was the third opportunity to streamline local government for the councils involved, and there may not be further chances to be the architects of our own future.
- The introduction of Unitary councils, including reference to rural areas, was not new as this was a model used widely for some time across the UK.
- The impact of the financial climate was a major contributory factor, but it had moved all nine councils forward to shape their own future, and there was a need for a 'leap of faith' into a tried and tested model.
- The current model devalued the view of town and parish councils as many wished to move forward and progress devolution.
- The overriding ambition of the reorganisation was for services ahead of organisations, and putting the residents of Dorset first, in new organisations.
- It was the role of all members to make selfless decisions in a democratic way.
- It was the responsibility of members to take the presentation on Local Government Reorganisation to their communities and parishes to enable full engagement in the process.
- Shaping Dorset's Future Board meetings were open to all members and provided all of the information about the reorganisation exercise.
- The formation of town councils to replace former borough councils was a matter for the council concerned, although the double devolution work already in place would recognise the need for new town councils as necessary.
- The transition of other Councils to unitary status went well, but there were hurdles. The use of Area Boards was one of the successful models of democratic decision

making and accountability.

- The Council should not depend on the Government solving the pressures related to funding for Adult Social Care.
- There was a need to remove the degrees of separation between authorities in order to become more efficient and transactional.
- The use of technology and use of data to support new authorities was much better than ever before.
- Changes would better support the prevention agenda across the public sector.

The following issues were raised against the recommendations:

- The increased population across Bournemouth, Christchurch and Poole in the next 15 years would be 61k. There was minimal open space in Bournemouth and Poole, therefore resulting in land being required in Christchurch for housing.
- There was a democratic deficit in reducing the number of councillors across Dorset, and particular reference was made to Bournemouth, Christchurch and Poole, with 1 in 8 representing Christchurch.
- Population of smaller unitary councils across the Country were well below the 350k threshold given as advice by the Department for Communities and Local Government.
- There was a need to stand back and take more time to get the right solution.
- Rural areas of the Country were characterised by two tiers of Local Government.
- The consultation was unsound and case for change had not been made, with bias and leading questions. The consultation was constructed to achieve a desired result, and did not consider alternative authority models that could have been included, such as a single Dorset unitary, or including Purbeck in the model with Poole and Bournemouth.
- Proposals would transfer power upwards and away from communities and be more remote, and therefore less responsive and sensitive to local needs. Decisions should be taken as close to communities as possible.
- It would be harder for communities to oppose unwanted proposals such as large developments and cuts to services and facilities.
- A position on double devolution to town and parish councils should be clear before proceeding to reorganise local government in Poole, Bournemouth and Dorset.
- Financial forecasts could be inaccurate.
- Christchurch Borough Council's finances were still in a good position.
- The position for mayoralty not costed and tested in Bournemouth and Poole, but had been in Christchurch.
- Harmonisation of Council Tax had not been sufficiently tested.
- The future of unitary authorities in terms of sustainability depended on the work already underway within councils to be a success, particularly the need for community resilience.
- A greater explanation of the impact on services for residents would have been welcomed.
- An anticipated difficult transition over the next few years, and increased cost for consultants for unexpected issues.
- Reorganisation was a County Council take over.
- The end of East Dorset District Council and Christchurch Borough Council as a joint authority would be a shame as it was still in its infancy.
- Adult Social Care pressures would continue in a new reorganised Dorset, and Government may provide a solution which would prevent the need for change of councils.
- The new arrangements would be politically undeliverable, with the biggest change being culture for any new organisation.
- How could changes be made when the technology and connectivity supporting existing councils was not good enough.
- The existing Councils needed to be funded properly and we should 'shout louder'.
- Residents do not want change

- The democratic mandate was not sufficient to make any changes.

Thanks were passed to all officers and members involved in the work to support the consideration of Local Government Reorganisation across Poole, Bournemouth and Dorset.

In accordance with Standing Order 44, the votes for and against the substantive motion (Recommendations 1 and 2 from the report and the addition of Amendment A - shown at resolution 3) were recorded as follows:-

For (30): Pauline Batstone, Richard Biggs, Steve Butler, Andy Canning, Ronald Coatsworth, Robin Cook, Toni Coombs, Barrie Cooper, Hilary Cox, Deborah Croney, Janet Dover, Fred Drane, Beryl Ezzard, Peter Finney, Spencer Flower, Ian Gardner, Robert Gould, Matt Hall, David Harris, Jill Haynes, Susan Jefferies, Trevor Jones, Paul Kimber, Rebecca Knox, David Mannings, Mark Tewkesbury, Daryl Turner, David Walsh, Peter Wharf and Kate Wheller.

Against (11): Lesley Dedman, Peter Hall, Colin Jamieson, David Jones, Mike Lovell, Steven Lugg, Andrew Parry, Margaret Phipps, Peter Richardson, Clare Sutton and William Trite.

Abstain (0)

Given the earlier vote in respect of Amendment B, it was noted that Recommendation 1 from the People and Communities Overview and Scrutiny Committee was no longer valid, and no vote was taken on this recommendation.

In relation to Recommendation 2 from the People and Communities Overview and Scrutiny Committee this was put to the vote and was agreed unanimously (shown at resolution 4).

The Council therefore made the following decisions.

### **Resolved**

1. That the recommendations outlined in the report attached at Appendix A be approved.
2. That, subject to the agreement of Recommendations 4 and 5 in the report attached at Appendix A, the Chief Executive and the Leader consult with the Shaping Dorset's Future Board:
  - i) when working with other Dorset Councils to agree the wording of the submission to the Secretary of State.
  - ii) when working with the other Dorset Councils to develop and implement plans and allocate resource to progress any agreed change.
3. The Council takes note of the concerns of Christchurch Borough Council over the process and consequences of the implementation of option 2(b).
4. That the preparatory work with Town and Parish Councils begun by the Shaping Dorset's Future Group is further developed to enable a clear process by which downward devolution of powers to third tier authorities can be timetabled and managed.

### **Reason for Decisions**

To ensure local government services were sustainable and residents, businesses and communities were supported by the most effective local government arrangements.

Meeting Duration: 10.00 am - 1.05 pm



### Cabinet

Minutes of a meeting held at County Hall, Colliton Park, Dorchester,  
Dorset, DT1 1XJ on Wednesday, 16 November 2016.

#### Present:

Robert Gould (Chairman)  
Peter Finney, Robin Cook, Jill Haynes and Rebecca Knox.

#### Members Attending:

Andrew Cattaway, as Chairman of the Council under Standing Order 54  
Daryl Turner, County Councillor for Marshwood Vale

#### Officers Attending:

Debbie Ward (Chief Executive), Richard Bates (Chief Financial Officer), Helen Coombes (Interim Director for Adult and Community Services), Mike Harries (Director for Environment and the Economy), Jonathan Mair (Monitoring Officer), Patrick Myers (Assistant Director - Design and Development) and Lee Gallagher (Democratic Services Manager).

#### For certain items, as appropriate:

James Ailward (Service Manager - ICT and Customer Services), Ken Buchan (Environmental Advice Team Leader) and David Roe (Buildings & Construction Service Manager).

- (Notes:(1) In accordance with Rule 16(b) of the Overview and Scrutiny Procedure Rules the decisions set out in these minutes will come into force and may then be implemented on the expiry of five working days after the publication date.  
Publication Date: **Tuesday, 22 November 2016.**
- (2) These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Cabinet to be held on **Wednesday, 14 December 2016.**)

#### **Apologies for Absence**

161 Apologies for absence were received from Deborah Croney and Colin Jamieson.

#### **Code of Conduct**

162 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

#### **Minutes**

163 The minutes of the meeting held on 26 October 2016 were confirmed and signed, subject to minute 156 being amended to insert the following sentence in relation to concessionary transport:  
*'Cllr Robin Cook, as a local member, raised concerns of residents in East Dorset regarding the impact of potential new concessionary travel arrangements, specifically in relation to the local start time of 9:00am instead of the 9:30am start time used elsewhere in the County.'*

#### **Public Participation**

##### 164 Public Speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public questions received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received at the meeting in accordance with the County Council's Petition Scheme.

**Cabinet Forward Plan**

165 The Cabinet considered the draft Forward Plan, which identified key decisions to be taken by the Cabinet on or after the next meeting. The following changes were noted:

- That a report identified at the last meeting on 'England National Concessionary Travel Scheme: Review' would be considered by the Cabinet on 1 February 2017 instead of 14 December 2016.
- A report on Unaccompanied Asylum Seeking Children be added to the plan for 18 January 2017.
- That the item on the 'Outcome of Joint Public Health Board discussions around Public Health finance' needed to reflect the lead officer as David Phillips, Director of Public Health.
- That regular items would be considered by the Cabinet in relation to the Sustainability and Transformation Plan in due course.

Resolved

That the Forward Plan be updated to include the matters raised in the minute above.

**Dorset Coastal Connections - People and Places Portfolio Project**

166 The Cabinet considered a report by the Cabinet Member for Environment, Infrastructure and Highways regarding a stage 2 application to the Coastal Communities Fund in relation to the 'Dorset Coastal Connections – People and Places' project which covered the whole of the Dorset coast from Lyme Regis to Christchurch.

The Cabinet Member for Environment, Infrastructure and Highways introduced the report and outlined the opportunities for coastal communities, together with the potential to create 2000 jobs. Members were pleased with the record of projects completed in recent years and welcomed the prospective significant inward investment into coastal areas with a range of partners.

In relation to community engagement, and the assessed risk of adverse reputational impact if there was no active engagement, officers confirmed that the Dorset Coast Forum had a good record of consultation and engagement with communities over 20 years, and this engagement would provide the backbone to the whole project. Further engagement would be through the steering group comprised of representatives from each project within the programme and through coastal community teams. It was noted that these measures would therefore minimise and mitigate the risk in relation to engagement.

The Cabinet commended the approach, and encouraged further engagement with communities further in land which may be interested in or affected by coastal projects, and to link with corporate priorities such as Health and Wellbeing. It was noted that this would be a consideration of the Dorset Coast Forum in providing publications and promotion regarding the coast, and it was confirmed that GPs were engaged in the work of the Forum through the Natural Choices Project.

Resolved

1. That the request for Dorset County Council to submit a stage 2 application to the Coastal Communities Fund and take on the role of accountable body for this project be agreed.
2. That if successful, the Head of Legal and Democratic Services (as Monitoring Officer) be granted delegated authority to sign the Funding Agreement between BIG

Lottery and Dorset County Council as outlined in the County Council's scheme of delegation to Officers.

Reason for Decisions

This was an opportunity to make significant improvements along Dorset's Coast, to promote the County as a whole and improve infrastructure and access at a number of locations. Dorset Coastal Connections would create jobs and improve access to our natural and built environment helping Dorset County Council meet its aim of a healthy population and environment and increase economic prosperity as set out in the Corporate Plan 2016 outcome framework.

**The Reprourement of the Repairs, Maintenance, Minor and Smaller Capital Works Framework**

167 The Cabinet considered a joint report by the Cabinet Member for Organisational Development and Transformation and the Cabinet Member for Economic Growth regarding the Repairs, Maintenance, Minor and Smaller Capital Works Framework.

The Cabinet Member for Organisational Development and Transformation highlighted the arrangements for repairs, maintenance and works that were integral and key to the operation of the Council, spending approximately £20m on a range of works across 2000 buildings over 651 sites. The contract framework would improve and simplify the arrangements for contracts below the EU procurement threshold and would enable the use of the local economy to provide contracts through the Public Services (Social Value) Act 2012, as part of a clear and competitive process.

Members welcomed the proposed framework as a very positive move to encourage local trades and companies to be involved in the work of the Council which would contribute financially to the local economy, create jobs and promote community cohesion. The Director for Environment and the Economy outlined a range of community engagement events and initiatives to ensure the widest possible awareness within markets and the support provided regarding procurement processes including digital support and help with online forms.

**Resolved**

That the procurement and award of a Repairs, Maintenance, Minor and Smaller Capital Works Framework as recommended in the summary of the Business Justification Case at Appendix 1 of the report, on terms to be agreed by the Service Director - Environment after consultation with the Portfolio Holders, be approved.

Reason for Decision

To secure a compliant route to market for procurement of a diverse range of property related services and works which represented value for money for the authority. In doing so, to support delivery of all Corporate Plan outcomes and Asset Management Plan objectives on maintaining a 'safe and legally compliant' property estate.

**Southern Modular Building Framework (SMBF)**

168 The Cabinet considered a report by the Cabinet Member for Organisational Development and Transformation on the use of the Southern Modular Building Framework as a more versatile range of modular building solutions and contract types than the former framework.

**Resolved**

That the signing of the Southern Modular Building Framework User Agreement be approved.

Reason for Decision

Framework contracts were a key component in the delivery of the County Council's objectives for collaborative working, which should reduce the cost and time

requirements associated with complex and costly procurement processes. A successful procurement strategy for modular buildings delivery would directly contribute to all of the corporate aims.

### **Procurement of Managed Service Provider for Temporary Agency Staff**

169 The Cabinet considered a report by the Cabinet Member for Organisational Development and Transformation for retrospective approval for the procurement of an arrangement for the sourcing of temporary agency staff.

The Cabinet Member for Organisational Development and Transformation introduced the report and outlined the arrangements for a single contract provider to act as a neutral vendor to access up to 50 providers to find the right agency or temporary staff needed.

A concern was expressed in relation to the retrospective nature of the recommendation, and that further information in relation to the numbers of temporary staff and the most affected work disciplines would have provided useful context. It was clarified that the monitoring of agency and temporary staff was undertaken by the Staffing Committee. Information relating to the monitoring of agency staff by the Staffing Committee would be circulated outside of the meeting.

It was noted that there would be a continual need for agency and temporary staff in order to deliver services in the most constructive and effective way. In relation to Children's Services, as a heavy user of agency social workers, it was reported that 18 social workers had been shortlisted as a result of a recent recruitment campaign and members would be informed of the outcome of interviews in due course.

#### **Resolved**

That retrospective approval be agreed for the procurement of a managed service provider for the sourcing of the Council's temporary agency staff requirements.

#### **Reasons for Decision**

1. To ensure compliance with Dorset County Council's Contract Procedure Rules.
2. To continue an agreement with a managed service provider who has a track record with the Council of effective and value for money service delivery.

### **Microsoft licence agreement - request to extend authorised spend value**

170 The Cabinet considered a report by the Cabinet Member for Organisational Development and Transformation in relation to the spend value in respect of Microsoft licencing for the County Council. The report contained an exempt appendix which was circulated after the publication of the agenda.

The Cabinet Member for Organisational Development and Transformation explained that the Microsoft licence renewal was expected to take place at the end of the financial year, and the arrangement had already been approved. However, given a potential increase in costs by Microsoft of between 13-22% and an opportunity to purchase licences at current prices until March 2018 by a deadline of 1 December 2016, together with the potential cost increase to the previously approved spend limit, it was necessary for the Cabinet to reconsider the agreement. It was also highlighted that there was a degree of planning required in relation to the forecasted number of licences needed, but there was a potential reduction in spend on the contract if not all licences were purchased during each year of the contract.

In relation to conferencing capabilities, confirmation was provided that small groups of users could be enabled under the current arrangements, but the future licence arrangement would enable wider conferencing through the provision of 'Skype for Business' to all staff.



**Resolved**

1. That the extended spend authorisation for the new Microsoft licence agreement to a value of £1m per annum over a contract term of 3+1+1 years be approved.
2. That in accordance with the Overview and Scrutiny Procedure Rules (Part 4 of the Constitution – paragraph 16(k)) the Chairman of the Council established that the circumstances of the matter and the decision required were urgent due to the timescales required to complete the contract arrangements and to be able to action the Cabinet decision, and confirmed that the 'Call-In' procedure would not apply to the decision.

**Reasons for Decisions**

1. To ensure that the Council could award a contract for a new Microsoft licencing agreement, in time to secure the 2016 Microsoft pricing and avoiding the up to 22% price increase which would take effect from 1 January 2017.
2. To ensure sufficient headroom within the authorised spend value to allow the Council to adopt additional services from Microsoft through the life of the contract term where there was a business need to do so, and authorised through internal commissioning and governance processes.

(Note: The Director for Environment and the Economy confirmed that his brother was a Business Director for Microsoft, but as the detail regarding the agreement was not due to be discussed at this point, he would remain in the room and take part in the discussion. However, it was clarified that he would withdraw for future items if detail was discussed.)

**Questions from County Councillors**

171 No questions were asked by members under Standing Order 20.

Meeting Duration: 10.00 am - 10.45 am

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### Cabinet

Minutes of a meeting held at County Hall, Colliton Park, Dorchester,  
Dorset, DT1 1XJ on Wednesday, 14 December 2016.

#### Present:

Robert Gould	Leader of the Council (Chairman)
Peter Finney	Deputy Leader and Cabinet Member for Environment, Infrastructure and Highways
Robin Cook	Cabinet Member for Organisational Development and Transformation
Deborah Croney	Cabinet Member for Learning and Skills
Jill Haynes	Cabinet Member for Adult Health, Care and Independence
Colin Jamieson	Cabinet Member for Economy and Growth
Rebecca Knox	Cabinet Member for Health and Wellbeing and Children's Safeguarding

#### Members Attending:

Andrew Cattaway, as Chairman of the Council under Standing Order 54  
Janet Dover, County Councillor for Colehill and Stapehill  
Spencer Flower, County Councillor for Verwood and Three Legged Cross  
Paul Kimber, County Councillor for Portland Tophill  
Daryl Turner, County Councillor for Marshwood Vale

#### Officers Attending:

Debbie Ward (Chief Executive), Richard Bates (Chief Financial Officer), Helen Coombes (Interim Director for Adult and Community Services), Mike Harries (Director for Environment and the Economy), Jonathan Mair (Monitoring Officer), David Phillips (Director of Public Health), Sara Tough (Director for Children's Services) and Lee Gallagher (Democratic Services Manager).

#### For certain items, as appropriate:

Andrew Brown (Project Engineer (Democratic) Dorset Highways), Nigel Harvey-Whitten (Lead Commissioner (Health, Older People, Physical Disabilities, and Carers)), Jim McManus (Chief Accountant), Patrick Myers (Assistant Director - Design and Development) and Richard Pascoe (Head of ICT and Customer Services).

- (Notes:(1) In accordance with Rule 16(b) of the Overview and Scrutiny Procedure Rules the decisions set out in these minutes will come into force and may then be implemented on the expiry of five working days after the publication date.  
Publication Date: **Tuesday, 20 December 2016.**
- (2) These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Cabinet to be held on **Wednesday, 18 January 2017.**)

#### Apologies for Absence

172 No apologies for absence were received.

#### Code of Conduct

173 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

#### Minutes

174 The minutes of the meeting held on 16 November 2016 were confirmed and signed, subject to the addition of Cllr Andrew Cattaway to the list of members present at the meeting.

**Public Participation**175 Public Speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received at the meeting in accordance with the County Council's Petition Scheme.

**Cabinet Forward Plan**

176 The Cabinet considered the draft Forward Plan, which identified key decisions to be taken by the Cabinet on or after the next meeting. Cllr Knox reported that the item in relation to Voluntary Community Sector Infrastructure Grants would hopefully be considered on 18 January, but it may be deferred until the meeting on 1 February 2017.

**Panels and Boards**

177 The Cabinet received the minutes of the following meetings:

**Budget Strategy Task and Finish Group - 17 October 2016**

177a Noted

**Joint Archives Advisory Board - 31 October 2016**

177b Noted

**Executive Advisory Panel on Pathways to Independence - 4 November 2016**

177c Noted

**Dorset Waste Partnership Joint Committee - 7 November 2016**

177d Members commended the efforts made by the Dorset Waste Partnership to achieve savings for the current year and projected savings for the following year. Officers were thanked for their efforts in becoming a flagship partnership which was recognised across the Country.

Resolved

That the minutes of the meeting be received and the following recommendation be approved.

Recommendation 56 - Draft Revenue Estimates 2017/18

*That the draft revenue estimates for 2017/18 be recommended to partner councils, for consideration at the next Joint Committee on 16 January 2016.*

Reason for Recommendation

*The Inter-Authority Agreement required the Joint Committee to recommend a draft estimate for the following year to partner councils. This is to enable partners to give their views on the draft estimates and to reflect them in their own budgets.*

**Dorset Police and Crime Panel - 8 November 2016**

177e Cllr Rebecca Knox took the opportunity to update members on the good work of the South West Blue Light Forum which worked on a regional basis looking at collaborative working by emergency services. It was also noted that the Minister for Police and Fire hoped to attend the next meeting.

Noted

**Dorset Health and Wellbeing Board - 9 November 2016**

177f Cllr Rebecca Knox highlighted the Health and Wellbeing Board's consideration of the impact of the natural environment on health and wellbeing, and the positive direction and engagement with officers in this area, especially the Environment Service.

**Noted****Tricuro Executive Shareholder Group - 11 November 2016**

177g The Leader reported a concern expressed by Cllr Ros Kayes in respect of the voting, and a request for a recorded vote, with regard to minute 6 regarding the reserved matter on the future of terms and conditions for staff at Tricuro. Cllr Kayes submitted a statement to indicate that her request for a recorded vote against the matter had not been included in the minutes, to which it was clarified that the voting was undertaken on an authority basis with one vote for each authority. At the meeting it was therefore necessary to record the decision based on the vote of the authorities, and not those of individual members of the Executive Shareholder Group, and the arrangement was in accordance with the shareholders' agreement. It was therefore acknowledged that the minutes were accurate, and that any matter of their accuracy should be raised with Tricuro directly as they were not the responsibility of the Cabinet or the Council.

Cllr Paul Kimber, as the Leader of the Labour Group, addressed the Cabinet to express his concern that he also voted against the recommendation on behalf of Dorset County Council, but the minutes reflected unanimous support, which gave the impression that he was in favour of the changes. He urged the Council to influence Tricuro to negotiate with Trade Unions again.

In addition to the comments received, Cllr Dover, as the Leader of the Liberal Democrat Group, asked about the impact on Tricuro in terms of staffing levels if employees did not take up the opportunity of re-employment following the issue of dismissal notices on the approach to Christmas. Cllr Jill Haynes acknowledged the important points made and confirmed that the Managing Director of Tricuro was engaging with staff over the matter and would ensure appropriate staff cover, that the current re-employment exercise would run until the end of March 2017, and clarified that the matter was an operational management issue for Tricuro as an external company and not the responsibility of the County Council. It was further explained that the measures regarding changes to staff terms and conditions were required to ensure the company was viable.

**Noted****Joint Public Health Board - 21 November 2016**

177h **Noted**

**Family Partnership Zones**

178 The Cabinet considered a report by the Cabinet Member for Learning, Skills and Children's Safeguarding in relation to the introduction of seven Family Partnership Zones aligned with the Dorset school pyramid areas, which operated on a multi-agency partnership basis to proactively work with vulnerable young people and their families on prevention.

Cllr Paul Kimber, as a local member, complimented Cllr Deborah Croney on her visit to Portland to gauge opinion from the community in relation to the arrangements for the area. Cllr Croney highlighted the importance of meeting with local community representatives and understanding the geography, community dynamics and any specific issues facing the areas identified as Family Partnership Zones.

Cllr Croney also expressed an invite to all members for any feedback on the governance arrangements identified in the report.

An expression of interest was received from Cllr Rebecca Knox regarding the communication of the new arrangements with school governors, and for more information on the budget in terms of evidence to support the spending needed to influence early prevention and outcomes. Cllr Croney confirmed that information was available and would be circulated outside of the meeting.

**Resolved**

That the approach to make preventative and early action approaches in Children's Services be endorsed.

**Medium Term Financial Plan (MTFP) update**

179 The Cabinet considered a report by the Leader of the Council on the national and local issues impacting on the County Council's finances, matter to be taken into account when developing the three-year MTFP.

Cllr Gould highlighted efforts to address the budget gap and summarised the potential to set a balanced budget in the first two years of the planning period, together with an overview of the most recent forecast of outturn for the Authority and the impact this could have on the MTFP, risks and base budget issues as well as covering actions being taken to reduce the overspend since the last report to Cabinet on 26 October 2016. Particular issues raised included the use of £1.1m of balances, continuing pressures on budgets for Adult and Community Services and Children's Services, and a range of other significant challenges.

In addition, the Chief Financial Officer explained the increase in the forecasted overspend position since October 2016 and the risks and actions to drive down non-essential spend, and it was noted that the Local Government Settlement would be announced on 15 December 2016 which may influence further changes to budget assumptions. Given the current financial situation members felt that it was necessary to have a further report on 18 January or 1 February 2017 to update the Cabinet, and to reflect on the significant work to provide a comprehensive and coherent financial approach. A request was also made by Cllr Rebecca Knox to receive further detail which informed the report in order for Cabinet members to feed into the process before the next meeting, and also reiterated a previous request for access to a Healthy Organisation audit report, to which the Chief Executive confirmed that the information would be made available.

Cllr Dover, as the Leader of the Liberal Democrat Group, raised concern about the performance of the Way we Work Programme which had not met its financial savings target, to which Cllr Robin Cook and the Director for Environment and the Economy explained that the ambitious target of £3.2m had a large proportion of the savings related to property, which included internal works to County Hall to enable offices to be reduced from 37 to 8, and good progress had been made to date. She also expressed her concern regarding the changes to car parking at County Hall due to the impact on staff, to which it was noted that the new scheme had been introduced slowly due to sensitivities, but the aim had been to ensure full consultation with all affected, and to ensure parking for priority users.

**Resolved**

1. That a comprehensive and coherent approach report be submitted to the Cabinet on 18 January or 1 February 2017.
2. That the actions being taken by officers to address the overspend in 2016/17 be noted.
3. That the forecast overspends on service budgets in 2016/17 be noted.
4. That the Government's approval of the County Council's efficiency plan and the four-year settlement be noted.

Reason for Decisions

To enable work to continue on refining and managing the County Council's budget plan for 2017/18 and the overall three-year MTFP period.

**Outcome of Joint Public Health Board discussions on Public Health finance**

- 180 The Cabinet considered a report by the Cabinet Member for Health, Wellbeing and Communities on the work of the Joint Public Health Board on 21 November 2016 in relation to the use of the public health reserve and savings.

Cllr Rebecca Knox and the Director for Public Health provided a detailed summary of the financial developments of public health in recent years and the challenges and changes made to finances during this time, with specific reference made to the direction of travel to focus on the delivery of the Sustainability and Transformation Plan and Prevention at Scale. It was noted that in order to drive prevention it was necessary for the Health and Wellbeing Board to have a joint transparent approach and oversight of public health ring-fenced finances (comprising savings and reserve), for the County Council area, in order to focus on the biggest impacts and the greatest need.

Members welcomed the direction of travel, and the outcomes that the work would achieve in respect of wider partnerships and aspirations regarding health and wellbeing. Specific support for the model in relation to a whole systems approach was suggested to enhance joint decision making across partners.

Resolved

That the agreement of the Joint Public Health Board for the use of the accumulated reserve and savings, totalling approximately £3.5m including the role of the Health and Wellbeing Board in ensuring allocation of savings meets the central government criteria for use of the grant and local health and wellbeing strategy priorities be noted.

Reason for Decision

Close monitoring of the budget position was an essential requirement to ensure that money and resources were used efficiently, effectively and equitably.

**Asset Management Capital Priorities**

- 181 The Cabinet considered a report by the Cabinet Member for Organisational Development and Transformation on the Capital Bids for 2017/18 and the Capital Funding Policy.

Cllr Cook introduced the report, and the Leader explained that although the report asked for a recommendation to be made to the Council on priorities it was necessary to reassess the programme given the financial position of the Council, and the forthcoming budget announcement from Government, to focus on the highest and immediate priorities. It was agreed that the capital priorities would be reported back to the Cabinet on 18 January or 1 February 2017.

A request was made for more information relating to the elements within the programme that depended on funding from the Council in order to access additional external funding from other sources.

Resolved

That the Capital Programme 2017/18 to 2019/20 be reported back to the Cabinet meeting on 18 January or 1 February 2017.

**Quarterly Asset Management Plan**

- 182 The Cabinet considered a quarterly report by the Cabinet Member for Organisational Development and Transformation which outlined the key issues relating to the various asset classes of Property, Highways, ICT, Fleet and Waste.

In relation to the disposal item regarding Pitt House Farm, and following a question from Cllr Janet Dover, it was explained that although some councils were in an uncertain position in relation to the retention or sale of farm sites, the disposal being considered in the Cabinet Member's report was part of a successfully managed programme of County Farms, as an income generator and flagship estate for the Council, and would continue to be monitored by the County Farms Liaison Panel. Cllr Cattaway, as the local member for the site, expressed his support for the disposal of the site as it was in an isolated location.

Cllr Peter Finney indicated that engineers would be asked to look again at the proposal and cost of the protection of the piers of 3 bridges on A35 at Upton with a view, if possible, to reducing the cost of the project, and for this to be considered alongside the other capital priorities.

Cllr Spencer Flower, as a local member, addressed the Cabinet in relation to the Springfield Distributor Road and encouraged members to approve the additional funding to complete the project, together with an explanation of the history of the matter and the impact on the local community and school as a result of the project. Cllr Finney was sympathetic to the issues raised, but confirmed that the scheme would need to be deferred in the same way as other capital projects, for engineers to look again at the solution to ensure value for money. It was agreed that the item would be deferred and that Cllr Flower was welcome to become more involved in looking at alternatives with the project team.

The Director for Environment and Economy explained that, in relation to the deferred items above, there would be less cost certainty with any revised solutions as there would not be time to develop fully costed alternatives, but the imperative to reduce costs of the projects was clear.

In relation to the Highways Asset Management Plan, compliments were received from Cllr Rebecca Knox in relation to the improvement of, and increase in, communications with communities about the issues in their areas which provided excellent visibility of the service and better engagement.

Officers were also congratulated on progress made since the last meeting to identify savings of £60k in relation to the purchase of Microsoft licences which was a fantastic achievement given the tight timescales and pressure to secure a good deal for the Council.

### **Resolved**

1. That the disposal of Pitt House Farm on terms to be agreed by the Director for Environment and the Economy (para 3.1.2 of the Cabinet Member's report) be approved.
2. That the disposal of up to 0.2 ha (0.4 acres) of land adjacent to the Old School House, Osborne on terms to be agreed by the Director for Environment and the Economy (para 3.2.2 of the report) be approved.
3. That the disposal of Pippins in Winfrith on terms to be agreed by the Director for Environment and the Economy (para 3.3.2 of the report) be approved.
4. That the capital budget for the development of The Quadrant at Dorset Innovation Park be increased by £220,000 (para 3.4.3 of the report).
5. That, subject to formal approval from the other contributing bodies, the County Council acquires the employment land at Dorset Innovation Park, subject to the necessary due diligence, and otherwise on terms to be agreed by the Director for Environment and the Economy (para 3.5.4 of the report).
6. That the disposal of the land between No's 38 and 46 Salisbury Street, Shaftesbury, as indicated edged red on the plan appended to the report, on terms to be agreed by the Director for Environment and the Economy (para 3.6.2 of the report)



be approved.

7. That expenditure of £1,118,000 on protecting the piers of 3 bridges on A35 at Upton (para 4.1.2 of the report) be deferred for consideration by the Cabinet on 18 January or 1 February 2017.

8. That the re-procurement of the framework for New Roads and Street works Act Inspection and Consultancy contract for a 3+1+1 (max. 5) years term (para 4.2.4 of the report) be approved.

9. That the procurement and letting of the framework for the supply of civil engineering and construction materials including timber and forestry products (para 4.3.3 of the report) be approved.

10. That the revised Highways Asset Management Plan (HAMP) Volume 1 (see Appendix 7 and para 4.4.1 of the report) be approved.

11. That an increase in the budget for the Springfield Distributor Road scheme of £398,000 and a recommendation as to how this increase in the budget should be funded (para 4.7.5 of the report) be deferred for consideration by the Cabinet on 18 January or 1 February 2017.

12. That the overall revised estimates and cash flows for projects, as summarised and detailed in appendix 1 and para 6.2 of the report, be approved, subject to 7 and 11 above.

13. That the issues and updates detailed in the report be noted.

#### Reason for Decisions

A well-managed Council would ensure that the best use was made of its assets in terms of optimising service benefit, minimising environmental impact and maximising financial return.

### **Western Dorset Economic Growth Strategy**

183 The Cabinet considered a joint report by the Cabinet Member for Environment, Infrastructure and Highways and the Cabinet Member for Economy and Growth regarding the combined Economic Growth Strategy of the councils across West Dorset, North Dorset, Weymouth & Portland and the County Council.

Cllr Peter Finney explained that the Strategy was designed to demonstrate the ambition and opportunity to achieve much needed economic growth and secure investment for the benefit of all across the area. Members expressed their support for the work undertaken to develop and make a single coherent joint strategy a reality and to feed into one of the key priorities for the Council, whilst recognising the wider regional, national and international economic potential of the Strategy.

#### Resolved

That the Western Dorset Economic Growth Strategy be endorsed for engagement and consultation with key stakeholders and the production of a detailed action plan.

#### Reason for Decision

Successful delivery of the Western Dorset Economic Growth Strategy would make a significant contribution to the economic growth of Dorset, providing high quality and skilled jobs, housing and essential infrastructure. Thereby contributing to each of the four corporate priorities.

### **Questions from County Councillors**

184 No questions were asked by members under Standing Order 20.

### **Exempt Business**

185 Resolved

That in accordance with Section 100 A (4) of the Local Government Act 1972 to exclude the public from the meeting in relation to the business specified in minutes 186 and 187 as it was likely that if members of the public were present, there would

be disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

### **Dorset Care Record Contract**

186 The Cabinet considered a joint exempt report by the Cabinet Member for Adult Health, Care and Independence and the Cabinet Member for Health, Wellbeing and Children's Safeguarding on the Dorset-wide health and social care partnership project to implement an ICT system allowing the sharing of social care and health data.

Cllr Jill Haynes summarised the progress to date regarding the procurement of the Dorset Care Record system and the benefits that the system could bring to service users, partner authorities and organisations across Dorset. The current financial commitments and liabilities were discussed in detail together with timescales to enable the project to progress and award the contract. The Chief Executive confirmed that she would lead the project through the formal negotiation and agreement as the County Council was the host authority. The Monitoring Officer also advised the Cabinet on the legal position facing the Council depending on the outcome of negotiations with partners. It was noted that an information update would be provided for the Cabinet to keep members updated on progress in due course, and further information would be made publicly available at the appropriate time in the new year.

#### **Resolved**

1. That the changes to the financial position and the principle that further capital allocations may be required to support the risk of a shortfall as set out in the Cabinet Members' report be noted.
2. That the Chief Executive be supported in securing formal system-wide commitment to the project and the capital shortfall through the System Leadership Team.
3. That delegated authority be granted to the Chief Executive to, after consultation with the Leader, Cabinet Member for Adult Health, Care and Independence, Monitoring Officer and Chief Financial Officer, award a Call Down Contract to Orion Health Limited for the delivery of the Dorset Care Record supported by partner signatures to a Memorandum of Understanding in respect of the capital shortfall.

#### **Reason for Decisions**

To enable delivery of this important project, which would enable local and national priorities and improve health and social care outcomes.

### **Dorset Care Project (including Commissioning activity for: Support at Home and Residential and Nursing Home Bed Provision)**

187 The Cabinet considered an exempt report by the Cabinet Member for Adult Health, Care and Independence regarding the commissioning arrangements for the purchase of Support at Home, Residential and Nursing Home provision as part of a more strategic system wide approach to the management of similar care services. A detailed presentation was provided for members on the approach which included the objectives and outcomes, national context, risks and dependencies, timetable, cost and quality, technology, engagement with providers and purchasing power within the market.

Cllr Jill Haynes highlighted the importance of the commissioning arrangements and modernised ways of working, and members expressed support for the continued efforts and emphasis on partnership working with providers.

#### **Resolved**

1. That the development of a new contractual agreement for Support at Home and Residential and Nursing Homes to commence from 1 December 2017 for a period of up to 5 years (3 plus 2) through a tender process be approved in accordance with the

financial limits and arrangements detailed within the report.

2. That delegated authority be granted to the Director for Adult and Community Services after consultation with the Cabinet Member for Adult Health, Care and Independence, to award contracts to bidders submitting the most economic and advantageous tenders in accordance with the specification.

Reason for Decisions

To secure a sustainable model for Support at Home Services for Dorset and Residential and Nursing Home provision. The proposed joint approach with Dorset Clinical Commissioning Group would achieve greater efficiencies for both parties. To support the County Council corporate focus on 'health, wellbeing and safeguarding'.

Meeting Duration: 10.00 am - 12.20 pm

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### Cabinet

Minutes of a meeting held at County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ on Wednesday, 18 January 2017.

#### Present:

Robert Gould	Leader of the Council (Chairman)
Peter Finney	Deputy Leader and Cabinet Member for Environment, Infrastructure and Highways
Robin Cook	Cabinet Member for Organisational Development and Transformation
Deborah Croney	Cabinet Member for Learning, Skills and Children's Safeguarding
Jill Haynes	Cabinet Member for Adult Health, Care and Independence
Colin Jamieson	Cabinet Member for Economy and Growth
Rebecca Knox	Cabinet Member for Health, Wellbeing and Communities

#### Members Attending:

Andrew Cattaway, as Chairman of the Council under Standing Order 54  
 Matt Hall, County Councillor for Sherborne Rural  
 Trevor Jones, County Councillor for Dorchester  
 Paul Kimber, County Councillor for Portland Tophill  
 William Trite, County Councillor for Swanage  
 Daryl Turner, County Councillor for Marshwood Vale  
 Peter Wharf, County Councillor for Egdon Heath  
 Kate Wheller, County Councillor for Portland Harbour

#### Officers Attending:

Richard Bates (Chief Financial Officer), Helen Coombes (Interim Director for Adult and Community Services), Mike Harries (Director for Environment and the Economy), Jonathan Mair (Monitoring Officer), Sara Tough (Director for Children's Services) and Lee Gallagher (Democratic Services Manager).

#### For certain items, as appropriate:

Michael Carhart-Harris, Ed Denham (School Admissions Manager), Vanessa Glenn (Assistant Director for Care and Protection), Paul Leivers (Assistant Director - Early Help and Community Services), Andrew Martin (Service Director - Highways), Jim McManus (Chief Accountant), Patrick Myers (Assistant Director - Design and Development), Matthew Piles (Service Director - Economy) and Mark Taylor (Group Manager - Governance and Assurance).

- (Notes:(1) In accordance with Rule 16(b) of the Overview and Scrutiny Procedure Rules the decisions set out in these minutes will come into force and may then be implemented on the expiry of five working days after the publication date.  
 Publication Date: **Tuesday, 24 January 2017.**
- (2) These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Cabinet to be held on **Wednesday, 1 February 2017.**)

#### **Apologies for Absence**

- 1 Apologies for absence were received from Debbie Ward (Chief Executive) and David Phillips (Director of Public Health).

#### **Code of Conduct**

- 2 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

**Minutes**

- 3 The minutes of the meeting held on 14 December 2016 were confirmed and signed.

**Public Participation**4 Public Speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public questions received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received at the meeting in accordance with the County Council's Petition Scheme.

**Cabinet Forward Plan**

- 5 The Cabinet considered the draft Forward Plan, which identified key decisions to be taken by the Cabinet on or after the next meeting.

Noted**Panels and Boards - Budget Strategy Task and Finish Group - 5 December 2016**

- 6 The Cabinet received the minutes of the meeting held on 5 December 2016.

Cllr Deborah Croney confirmed that a Task and Finish Group would meet on 31 January 2017 to undertake a short review of the practice and procedure for the consideration of School Transport Appeals, based on Department for Transport Guidance.

Noted**Call to Account - Ironman Event**

- 7 The Cabinet considered a report by Councillor Trevor Jones as the Chairman of the Audit and Governance Committee in relation to a Call to Account of the Ironman Weymouth event which took place on 11 September 2016 across south and central Dorset.

Cllr Jones summarised the consideration of the call to account of the very big event which had been positively received by many, but there had been disruption on the day due to issues regarding traffic management, marshalling and communication. It was noted that the next event planned for 2017 was due to be scaled back, and that Ironman representatives had taken part in, and cooperated with the review in order to improve the management of events in the future to minimise disruption to local people. As a result of the scrutiny of the event it was noted that lessons learned would be monitored by the Audit and Governance Committee, and the use of a Memorandum of Understanding (MoU) could be used for this and other events in the future.

Cllr Peter Wharf, as a local member affected by the event, and member of the Audit and Governance Committee, expressed strong concerns regarding the impact of the event on local people and encouraged members to issue Ironman UK with a 'Yellow Card' for the recent event. It was clarified by members and officers that this was not possible, and that the use of an MoU would provide a framework to enable monitoring of events.

Cllr Kate Wheller, as a local member affected, and member of the Audit and Governance Committee, highlighted the balance of the disruption with the success of the event for the participants and the economic benefits to Dorset. She also

supported the measures to mitigate risks during events through the use of an MoU.

Mr Alan Rose, the Local Race Director, welcomed Ironman UK's involvement in the Call to Account process from the start, accepted that certain parts of the recent event had not worked out, and also accepted the recommendations within the report. However, he disagreed with the comments made by Cllr Peter Wharf.

The Cabinet welcomed the Call to Account and felt that the outcome would help advise organisers of events in the future and make a showcase of Dorset being a chosen location, together with the recognition of the economic benefits of such events as a growing trend across the Country. A suggestion was also made in relation to the possibility of engaging better with residents who may be willing to volunteer to marshal at largescale events in their local area. The Director for Environment and Economy also confirmed that the Council's responsibility in relation to events was as the Highways Authority and not event organisation or coordination, but it had the ability to influence constructively the way they were managed.

### **Resolved**

1. That the recommendations of the Audit and Governance Committee (as set out in Appendix A to the report) be agreed, to improve future Ironman events, provide a governance framework for the approach to other significant events, and minimise any negative impacts and maximise the benefits associated with future events.
2. That the Service Director for Highways and Emergency Planning be granted delegated authority to agree the proposed Memorandum of Understanding (MoU), after consultation with the Cabinet Member for Environment, Highways and Infrastructure.
3. That the Cabinet Member for Environment, Highways and Infrastructure be provided with evidence at key stages of the event planning process to ensure that the agreed conditions have been met.

### **Reason for Decisions**

To support the councils stated corporate plan outcomes of a 'Safe' and 'Prosperous' Dorset.

## **People and Communities Overview and Scrutiny Committee - 11 January 2017**

### **8 Recommendation 9 - Final Report of the Policy Development Panel on Registration**

The final report of the Policy Development Panel on Registration was presented by Cllr William Trite, as the Chairman of the Panel, together with the recommendation of the People and Communities Overview and Scrutiny Committee. He summarised the work of the Panel which had considered service provision across the whole of Dorset to reduce the number of offices from eleven to six with three outreach services supported by their respective Town Councils. Cllr Jill Haynes, as the responsible Cabinet Member for the service, highlighted that 90% of residents would be able to access an office within 30 minutes.

Cllr Colin Jamieson expressed support for the principle of the review, but highlighted that there were particular issues in Christchurch regarding travel plans even though there had been no objection to the proposals from local members or Christchurch Borough Council. Cllr Robert Gould clarified that full public consultation had been completed in addition to the time spent by the Panel considering the future service model, but indicated that if local members from Christchurch and the Borough Council wished to pursue a solution regarding outreach this would need to be completed as a matter of urgency due to the implications for the service redesign to start from March 2018. Cllr Jill Haynes welcomed the further conversation about provision in Christchurch and highlighted the potential impact on the future service model in respect of Ferndown.

**Resolved**

1. That the following changes to the Registration Service be approved, subject to 2 below:

(a) That the service provided be developed into a more customer focussed service, through six office locations across Dorset (at Blandford, Bridport, Dorchester, Ferndown, Wareham and Weymouth) and for outreach services to be provided at (Gillingham, Sherborne and Swanage), subject to Town Council support being secured for the outreach services.

(b) That the service be based on seven ceremony rooms across the County. (At Blandford, Bridport, Ferndown, Gillingham, Sherborne, Swanage and Weymouth this reflects the present circumstances, however, as property matters emerge in the future it might be appropriate to make changes to these arrangements).

(c) That Officers be encouraged to develop a schedule of fees and charges based on a full cost recovery model in relation to ceremonies, and to authorise the Assistant Director - Early Help and Community Services, after consultation with the Cabinet Member for Health, Care and Independence, to set the schedule.

(d) That the Tell Us Once service for deaths be retained, and the service for births be withdrawn.

(e) Other resultant service changes highlighted within the report to the People and Communities Overview and Scrutiny Committee on 11 January 2017.

2. That delegated authority be granted to the Director for Adult and Community Services, after consultation with the Cabinet Member for Adult Health, Care and Independence, to approve an alternative suitable service model to that outlined in 1 above, subject to further representations from local members in Christchurch and Christchurch Borough Council.

**Reason for Decisions**

The decisions contributed to the overall principles and values of Dorset County Council's Forward Together transformation programme; focusing resources on activities that produce the best outcomes for our residents in the most cost effective ways possible.

**Medium Term Financial Plan (MTFP) - update for provisional Local Government finance settlement**

9 The Cabinet considered a report by the Leader of the Council which provided a budget and Medium Term Financial Plan update following consideration of a report by the Cabinet on 14 December 2016 .

Cllr Robert Gould introduced the report and focussed on matters arising from the Local Government finance settlement, the Council's budget planning, new homes bonus scheme changes regarding reinvestment into Social Care Grant funding, the flexibility of Social Care Precept increases in Council Tax over the next three years, and use of some capital receipts to fund the transition of transformation.

In relation to the flexibility of Social Care Precept (SCP), it was noted that the initiative provided for a short term increase to social care funding through a specific increase in Council Tax over the next three years, but that a longer term solution was required as a national issue. The approach was welcomed regarding the assumption for budget planning for the SCP of 3% in 2017/18, 3% in 2018/19 and 0% in 2019/2020, but further clarification was requested outside of the meeting regarding the frontloading mechanism and the resultant impact on the budget in future years.

The flexibility on capital funds to use some capital receipts for transformation was also welcomed as the approach to refine offices and the property estate already closely aligned with transformation of services.

Members recognised that the budget position and Medium Term Financial Plan would be refined for discussion at the next meeting on 1 February and subsequent



recommendation to the County Council meeting on 16 February 2017.

### **Resolved**

The Cabinet is asked to consider the contents of this report and:

1. That the content of the provisional settlement and its impact on the County Council's planning for 2017-18 and beyond be noted;
2. That action being taken by officers to reduce the overspend in the current financial year be noted;
3. That the principles of the revised capital receipts strategy attached at appendix 1 to the report, required for the flexible use of CRs incorporated into the MTFP, be agreed;
4. That the budget strategy with regard to the Social Care Precept over the remainder of the MTFP period to 2019-20 be confirmed;
5. That the budget strategy for the use of £1.5m of the improved better care fund in 2018-19 be confirmed;
6. That the growth in the Council Tax base for 2017-18 and the surpluses on collection funds reported by collection authorities be noted; and,
7. That the strategy for dealing with the reduction in Education Service Grant (the use of one-off monies) be confirmed, but that in the long-term children's services to schools will need to fit within a smaller funding total as a result of reduced grant unless additional income is generated from trading.

### **Reason for Decisions**

To enable work to continue on refining and managing the County Council's budget for 2017-18 and the three years of the MTFP period.

### **Unaccompanied Asylum Seeking Children**

- 10 The Cabinet considered a report by the Cabinet Member for Learning, Skills and Children's Safeguarding on the current high risk position regarding the resettlement asylum seeking children looked after and the Government's voluntary scheme to support them.

Cllr Deborah Croney provided an extensive summary of the progress to date to resettle 13 children, and highlighted that the number could increase up to 54, together with the care provided. However, it was made clear that the resource and assessed cost for each child was not realistic. It was therefore necessary to make representations to Government to improve the scheme in line with the Syrian Refugee Resettlement Programme which was fully funded. Members fully supported participation in the scheme, but shared concern regarding the ability of the Council to meet the needs of the children if the scheme was not amended to provide more funding.

The Cabinet was urged by Cllr Paul Kimber not to cease participation in the scheme and to continue to welcome asylum seekers to Dorset as a responsibility of the Council. It was confirmed that there was no intention to abandon the scheme, and that the update report provided the trajectory of support requirements and financial impact if the scheme if it continued unchanged. The Chief Financial Officer also confirmed that there was no additional funding available and that further support for additional children would require savings to be made in other budget areas of the Council.

An invitation from Amanda Brown, Unison Branch Secretary, for members or staff from Children's Services to visit the Dunkirk Refugee Camp was acknowledged, following a recent visit by Unison.

Members recognised that the situation was being managed carefully to enable the Council to continue to be part of the scheme and the situation would be monitored closely.

**Resolved**

That based on the facts reported in this paper and current budgetary pressures, the Council's concerns be expressed to Government which may lead to withdrawal from the voluntary scheme.

**Reason for Decision**

There were implications for budget and service provision and officers required instruction and political direction to manage all risks associated with the voluntary scheme.

**Progress and Next Steps in regard to Care and Protection**

- 11 The Cabinet considered a report by the Cabinet Member for Learning and Skills and Children's Safeguarding on the current budget pressures within the Children's Directorate that impacted on social work provision, and progress in delivering a more effective, efficient and economic operational model for social work (now known as Care and Protection) as part of the Forward Together for Children programme.

Cllr Deborah Croney provided a detailed summary of the work undertaken within the Children's Services Directorate on care and protection services, with particular focus on transformation, budget, national context and changes, Child Sexual Exploitation, social work practice, Looked After Children and Foster Carer recruitment. Clarification was also provided that Bournemouth and Poole Councils were involved in the partnership with Bournemouth University to provide a social care academy.

A request was made for further information regarding progress of prevention measures, together with integration with external partners as part of wider public sector reform in order to embed understanding and visibility of the approach. It was confirmed that there was progress on prevention, which was linked with the development of Family Partnership Zones, and further work with the Clinical Commissioning Group and other partners. It was noted that the approach to the provision of further information and development of a county-wide approach would be considered outside of the meeting.

**Noted****Admissions Arrangements 2018-2019 and Transport Policy 2017-2018**

- 12 The Cabinet considered a report by the Cabinet Member for Learning, Skills and Children's Safeguarding on the consultation arrangements and annual consideration of the Council's admission arrangements for 2018-2019 and Transport Policy for 2017-2018, including the need for two isolated reviews to be undertaken in relation to the arrangements for the Swanage School and the Studio School.

Cllr Jill Haynes, as the local member for the Studio School, welcomed the review of the transport arrangements and highlighted the really important education being provided by the school.

The efforts of the Holistic Transport Board were congratulated for the good opportunities that had been realised already in terms of Special Educational Needs Transport and taking steps to overcoming rural isolation, together with emphasis that there was still more to achieve regarding work with commercial operators, and for Post 16 Education.

**Resolved**

That the following arrangements, policies and changes to admission numbers be adopted:

1. Dorset County Council Admissions Arrangements including the Co-Ordinated Scheme, the Admissions Arrangements for Community and Voluntary Controlled

Schools in Dorset 2018- 2019, the In Year Fair Access Policy, the Admission of Armed Forces Community Children Policy and the Guidance on the Placement of a Pupil Outside His or Her Normal Age Group, the 6th Form Admissions Policy and the Nursery Admissions Policy.

2. The Home to School Transport Entitlement Policy for Children Attending Mainstream School 2017-2018 and the Dorset Post 16 Transport Support Policy for 2017-2018 which includes a rise in the surplus seat price from £510 to £640.
3. Changes to the Pupil Admission Number for Ferndown Upper School, reducing from 260 to 210, and Bincombe Valley Primary reducing from 48 to 45.
4. The Guidance on Consulting on Admissions Arrangements (including Relevant Areas).

#### Reasons for Decisions

1. To determine admissions arrangements in accordance with statutory requirements including the Schools Admissions Code December 2014.
2. To ensure compliance with the latest legislation and subsequent regulation/statutory guidance.

### **Dorset County Council European Strategy 2017-2020**

- 13 The Cabinet considered a report by the Cabinet Member for Economy and Growth on the European Strategy 2017-2020 which replaced the European Framework 2007-13 and the European Strategy 2000-2006 and how the Council aimed to make the best use of European Union (EU) policy, programmes and associated funding to support corporate priorities.

Members recognised the priorities for the County Council to enable economic growth and prosperity, and the need to continue to maximise any opportunities within the EU together with opportunities that would arise as a result of Brexit. It was also noted that the LGA would be closely monitoring the impact of Brexit and the wider perspective of future trade opportunities, including the regulation under UK jurisdiction and where decision making power would be devolved. The Director for Environment and Economy clarified that the report deliberately did not consider the post Brexit situation and focussed on the opportunities that had been taken forward to date and those for the immediate future, whilst the UK remained within the EU.

Cllr Andrew Cattaway, as the Ex-Officio Chairman of the Dorset Twinning Association, highlighted that many towns throughout Dorset had twinning arrangements with towns in mainly with France and Germany which would continue regardless of future EU arrangements.

#### **Resolved**

That the European Strategy 2017-2020 be approved.

#### Reason for Decision

The Strategy supported and aligned European work with the Council's corporate priorities.

### **Regulatory Committee - 5 January 2017**

- 14 Recommendation 5 - Proposed Waiting Restrictions – Various Roads, Worth Matravers

Cllr Peter Finney clarified that the Regulatory Committee had considered the matter in detail at its meeting held on 5 January 2017 and had made a recommendation that was at variance to that of the officer's report.

#### **Resolved**

That the proposed waiting restrictions for Worth Matravers, as advertised, should not be proceeded with.

Reason for Decision

In the public interest, in enabling economic growth and in maintaining road safety.

**Questions from County Councillors**

15 No questions were asked by members under Standing Order 20.

**Exempt Business**

16 **Resolved**

That in accordance with Section 100 A (4) of the Local Government Act 1972 to exclude the public from the meeting in relation to the business specified in minute 17 as it was likely that if members of the public were present, there would be disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

**Collaborative Insurance Procurement**

17 The Cabinet considered an exempt report by the Cabinet Member for Organisational Development and Transformation on the procurement and award of insurance contracts for the County Council from 1 April 2017 to 31 March 2020. Members acknowledged the good work undertaken to move towards the contract and it was suggested that promotion of the outcome of the contract award should be considered at the appropriate time.

In relation to the possibility of Local government Reorganisation, it was noted that all contracts for all authorities in a new council would need to be transferred with new authority. However, the contract approach in this instance was already a collaboration of all district and borough councils in Dorset.

**Resolved**

That the award of the insurance contracts over a contract term 1 April 2017 to 31 March 2020 be authorised, with option for the Council to extend by up to 2 years.

Reason for Decision

To ensure that the council continued to have the Insurance cover necessary to protect against any risks over and above the current level of self-insurance.

Meeting Duration: 10.00 am - 11.45 am



### Cabinet

Minutes of a meeting held at County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ on Wednesday, 1 February 2017.

#### Present:

Robert Gould	Leader of the Council (Chairman)
Peter Finney	Deputy Leader and Cabinet Member for Environment, Infrastructure and Highways
Robin Cook	Cabinet Member for Organisational Development and Transformation
Deborah Croney	Cabinet Member for Learning, Skills and Children's Safeguarding
Jill Haynes	Cabinet Member for Adult Health, Care and Independence
Rebecca Knox	Cabinet Member for Health, Wellbeing and Communities

#### Members Attending:

Hilary Cox, as Vice-Chairman of the County Council  
Paul Kimber, County Councillor for Portland Tophill

#### Officers Attending:

Debbie Ward (Chief Executive), Richard Bates (Chief Financial Officer), Helen Coombes (Interim Director for Adult and Community Services), Mike Harries (Director for Environment and the Economy), Jonathan Mair (Monitoring Officer), Sara Tough (Director for Children's Services), Michael Carhart-Harris (Senior Communications Officer) and Lee Gallagher (Democratic Services Manager).

#### For certain items, as appropriate:

John Alexander (Senior Assurance Manager - Performance), Andrew Martin (Service Director - Highways), Jim McManus (Chief Accountant) and Matthew Piles (Service Director - Economy).

- (Notes:(1) In accordance with Rule 16(b) of the Overview and Scrutiny Procedure Rules the decisions set out in these minutes will come into force and may then be implemented on the expiry of five working days after the publication date.  
Publication Date: **Tuesday, 7 February 2017.**
- (2) These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Cabinet to be held on **Wednesday, 8 March 2017.**
- (3) **RECOMMENDED** in this type denotes that a decision of County Council is required.)

#### **Apologies for Absence**

18 Apologies for absence were received from Cllr Andrew Cattaway, Cllr Colin Jamieson and David Phillips (Director of Public Health).

#### **Code of Conduct**

19 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

#### **Minutes**

20 The minutes of the meeting held on 18 January 2017 were confirmed and signed.

## Public Participation

### 21 Public Speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public statements received at the meeting in accordance with Standing Order 21(2).

### Petitions

There were no petitions received at the meeting in accordance with the County Council's Petition Scheme.

## Cabinet Forward Plan

- 22 The Cabinet considered the draft Forward Plan, which identified key decisions to be taken by the Cabinet on or after the next meeting. It was noted that a report on Concessionary Travel would be addressed outside of the meeting and an item would be reinstated on to the Forward Plan on an appropriate date.

### Noted

## Medium Term Financial Plan (MTFP) and Budget 2017/18 to 2019/20

- 23 The Cabinet considered a report by the Leader of the Council on the development of the budget and Medium Term Financial Plan (MTFP) throughout the year regarding Council Tax and Social Care Precepts, expenditure allocation and savings measures.

Cllr Robert Gould introduced the report in detail, and explained the elements comprising the budget and development of the MTFP, which included the challenges facing the Council in coming years and included continued pressure on Adult Social Care, Looked After Children and Special Educational Needs Transport. It was confirmed that the contingency budget would need to increase from £2.3m to £2.9m due to the scale of risks detailed within the report, and due to the need to work at the lower end of reserves and balances. It was noted that the Forward Together Programme would continue to drive savings required in 2017/18 of £22.1m, with £49.4m required in total over the next three years.

Members discussed a range of budget areas, which included the recognition of inward investment from the DfE for reinvigorating social care which would lead to reducing budget pressures; the need for clarity regarding the future Business Rates Retention Scheme; the Council's approach to asylum seeking children; recognition of a 15% market increase in the cost of adult social care; the impact of inflation and procurement opportunities pending Brexit; the cost of Looked After Children and anticipated reductions due to a focus on early prevention; and the impact of more targeted Youth Services.

In relation to Local Government Reorganisation, it was understood that there was an estimated implementation cost of £25m, but the funding was not yet forthcoming from Government, and it was unclear if councils that were not willing to change would contribute to the reorganisation.

The Cabinet expressed the need to explain the position in relation to Adult Social Care to the public as the introduction of the Social Care Precept was not a solution and there was much more funding required to solve the funding problem as a national issue.

Members discussed the Forward Together Programme in terms of the challenges ahead, and it was noted that an audit report on the programme, including its governance, would be available in March 2017 which would include a number of learning points to strengthen the current arrangements. Reference was also made to

budget management performance following a training programme and tools being introduced for managers as a result of a financial control audit and plan. It was noted specifically that there had been no breaches of financial rules. It was felt that the Cabinet would need to be clearer about challenging and monitoring risks within the programme and budget management.

### **Resolved**

That subject to confirmation of funding levels once the final settlement is received:

1. Consider the service issues and risks associated with the savings measures arising from the updated Forward Together programme, set out in Appendix 2 of the report, and agree these as the measures upon which any relevant consultation takes place (these are also the measures which the flexible use of capital receipts strategy will support).
2. Note the outcome of the Authority's review of reserves and balances and the risks associated with the use of reserves to balance the budget over the planning period and the impact this will have on the starting position for new Local Government structures in Dorset from 1 April 2019.
3. Confirm the Council Tax increase of 1.99% for 2017/18 and the assumption of 2% annual increase across the remainder of the planning period.
4. Confirm a Social Care Precept of 3% for both 2017/18 and 2018/19 and 0% for 2019/20.

### **RECOMMENDED**

1. That the County Council be recommended to approve:
  - a) the revenue budget strategy for 2017/18 to 2019/20
  - b) the budget requirement and precept for 2017/18
  - c) the position on general balances and reserves
2. That the Chief Financial Officer present to the County Council a schedule setting out the Council Tax for each category of dwelling and the precepts on each of the Dorset Councils for 2017/18.
3. That the Budget Strategy Task and Finish Group continue in order to develop savings proposals to address budget gaps over the remainder of the MTFP period.
4. That the role of the Forward Together Programme is clarified to ensure managers are held to account for their budgets and ensure that specific, measurable actions are put in place to ensure budgets at risk are managed within the funding parameters agreed by Elected Members.

### **Reason for Decisions and Recommendations**

To approve the Council Tax increase for 2017/18 and to enable work to continue on refining and managing the County Council's budget strategy for the remaining MTFP period.

### **Asset Management Capital Priorities**

- 24 The Cabinet considered a report by the Cabinet Member for Organisational Development and Transformation on the priorities for capital spending over the next three years, including Capital Bids for 2017/18 and the Capital Funding Policy. This report follows previous consideration by the Cabinet on 18 December 2016 where it was agreed to reassess the programme given the financial position of the Council, and the forthcoming budget announcement from Government, to focus on the highest and immediate priorities.

Members praised a number of capital related approaches to build credibility and secure external funding from Government and other sources including the use of a Highways Asset Management Plan to secure a Pothole Action Fund and from the National Productivity Investment Fund to improve local road networks. Compliments were also expressed in relation to the receipt of £150k for the Living and Learning Programme through the Councils' One Public Estate bid.

In relation to the One Public Estate, it was recognised that there was continued work on Dorset-wide public asset management. Members also acknowledged the consideration by the Local Enterprise Partnership and the Growth Board regarding progress and delivery of a strategic approach asset management, including housing. It was agreed that a report would be submitted to Cabinet in due course in relation to Joint Asset Management.

Cllr Paul Kimber addressed the Cabinet to raise concern about air quality and steps to improve traffic congestion. It was confirmed that the highways improvement programme used specific criteria including congestion, but there was no separate programme to address air quality, and that this was a responsibility of district and borough councils. It was also noted that issues relating to micro particles and air quality did not relate solely to traffic and congestion, and that there was investment by Public Health into monitoring equipment to better understand the complexities of air quality including mapping. Members were encouraged to continue to promote Dorset's natural environment and to promote healthy and active lifestyles.

### **RECOMMENDED**

That the County Council be recommended to approve the bids to be included in the capital programme 2017/18 to 2019/20.

### **Reason for Recommendation**

The available resources after taking account of committed projects were insufficient to meet all the new bids in their entirety. It was therefore necessary for the Cabinet to confirm priorities for inclusion in the Capital Programme.

## **Treasury Management Strategy Statement and Prudential Indicators for 2017-18**

25 The Cabinet considered a report by the Leader of the Council regarding the planning of capital expenditure and the funding of that expenditure, in accordance with the CIPFA Prudential Code, in addition to the publication and monitoring of Prudential Indicators and a Treasury Management Strategy.

### **RECOMMENDED**

That the County Council be recommended to approve:

1. The Prudential Indicators and Limits for 2017/18 to 2019/20.
2. The Minimum Revenue Provision (MRP) Statement.
3. The Treasury Management Strategy.
4. The Investment Strategy.
5. Delegation to the Chief Financial Officer to determine the most appropriate means of funding the Capital Programme.

### **Reasons for Recommendations**

1. The Prudential Code provided a framework under which the Council's capital finance decisions were carried out. It required the Council to demonstrate that its capital expenditure plans were affordable, external borrowing was within prudent and sustainable levels and treasury management decisions were taken in accordance with professional good practice. Adherence to the Prudential Code was mandatory as set out in the Local Government Act 2003.
2. The report recommended the indicators to be applied by the Council for the financial years 2017/18 to 2019/20. The successful implementation of the code would assist in the Council's objective of developing 'public services fit for the future'.

## **Corporate Plan: Outcomes focused monitoring report**

26 The Cabinet considered a report by the Cabinet Member for Organisational Development and Transformation regarding the Corporate Plan based on an outcomes focused approach as a new approach to performance reporting, and was reflected in the new Overview and Scrutiny Committees which were also based on the Council's corporate aims. Members noted that training would be held on 8 and 9



February 2017 regarding outcomes based accountability.

The new reporting format was welcomed by members. Suggestions made at the meeting related to the need to focus on a smaller number of performance indicators as the top priorities facing the Council, to have as much up to date information as possible in the report including those that link with Dorset Police and the Community Safety Partnership, and to ensure that benchmarking was relevant to Dorset. It was noted that suggestions regarding the format were welcomed outside of the meeting through liaison with the Senior Assurance Manager, and work was underway to refine the number of indicators by the Planning and Learning Group during 2017.

The Cabinet requested that performance information should be aligned with the Council's budget and that efforts should be progressed to make this possible.

Consideration was given to the reporting of indicators where the Council was not the responsible body, and it was felt that there was a need to know the responsible body and how the outcome was being addressed.

Reflections of the new approach of Overview and Scrutiny Committees was highlighted, as the recent round of meetings in January 2017 had considered performance information in detail and particular outcomes were being selected and scrutinised. Scrutiny would include consideration of performance data alongside financial information and relevant experience.

#### **Resolved**

1. That the evidence of Dorset's position with regard to the outcome indicators in Appendix 1 of the report be noted.
2. That the progression in the available evidence in support of the agreed outcomes in the corporate plan be noted.
3. That members liaise with the Senior Assurance Manager regarding the refinement of performance indicators and future reports.

#### **Reason for Decisions**

The 2016-17 Corporate Plan provided an overarching strategic framework for monitoring progress towards good outcomes for Dorset. The outcome indicators summarised in the report provided enhanced evidence to the Cabinet, the Audit and Governance Committee and the three Overview and Scrutiny committees so that progress against the corporate plan could be monitored effectively.

#### **Consideration of the Proposals to implement a Regional Adoption Agency (RAA)**

- 27 The Cabinet considered a report by the Cabinet Member for Learning, Skills and Children's Safeguarding on the creation of a Regional Adoption Agency (RAA) in partnership with Bournemouth Borough Council and the Borough of Poole from July 2017.

Further to commitment being given by the Cabinet in February 2016, members welcomed the progress to establish an RAA, including the participation of Families for Children (a Voluntary Adoption Agency). The RAA would manage adoption services, those deemed suitable for adoption, target recruitment and prospect adopters, and provide special guardianship. It would also remain as an aim to form the agency as a Local Authority Trading Company in due course.

The Head of Care and Protection, and officers involved in the development of the RAA were congratulated for their hard work.

#### **Resolved**

1. That the establishment of a Regional Adoption Agency (the proposed Regional Adoption Agency) would combine the adoption services of Bournemouth Borough

Council, Dorset County Council and the Borough of Poole, working in partnership with Families for Children, a voluntary adoption agency) be approved.

2. That the Business Case for the Pan Dorset model of a Local Authority Single Hosted (LASH) model for delivery of adoption services be approved.

3. That the hosting arrangement be approved, for Bournemouth Borough Council to host the adoption agency on the behalf of the three local authorities.

4. That the proposed name for the new RAA: *Aspire Adoption*, be approved.

5. That delegated authority be granted to the Director for Children's Services, after consultation with the portfolio Holder for Children's Safeguarding, to make minor amendments to the business case following further discussions with Bournemouth Borough Council and the Borough of Poole.

6. That delegated authority be granted to the Director for Children's Services, after consultation with the portfolio holder for Children's Safeguarding to agree appropriate governance arrangements for *Aspire Adoption*.

7. That delegated authority be granted to Bournemouth Borough Council under section 101 of the Local Government Act 1972, the County Council's Adoption and Children Act 2002 function relating to adoption services, to discharge on behalf of the County Council and as host of the Regional Adoption Agency.

#### Reasons for Decisions

1. Councils have a statutory duty to provide adoption services to all those affected by adoption living in their area. Services to meet those responsibilities are required to meet legislative requirements and Minimum Standards for Adoption Services and are inspected regularly by Ofsted to ensure they do so.

2. The move towards a proposed Regional Adoption Agency would not discharge the Council of its statutory responsibilities but would affect far reaching changes in how those functions were organised and managed. While Bournemouth, Dorset and Poole all continued to provide high performing adoption services, central government expected that Regional Adoption Agencies would be better able to target the recruitment of prospective adopters, speed up the matching and placement of children, improve adoption support services and may create efficiency savings.

3. The Education and Adoption Act which came into force in April 2016 provided the Secretary of State with the power to order local authority adoption agencies to combine services if they do not voluntarily do so.

#### **Changes to Dorset's Concessionary Travel Scheme**

28 The Cabinet considered a report by the Cabinet Member for Environment, Infrastructure and Highways regarding Dorset's Concessionary Travel Scheme.

In relation to a petition received from residents of Shroton, it was agreed that the details would be forwarded to Cllr Deborah Croney so that she could explore if there were any opportunities for a community transport scheme.

It was highlighted that in addition to open school routes, there was potential to use the fleet supporting Adult and Community Services, and that it would be helpful to progress the opportunity. It was noted that this was a current workstream of the Holistic Transport Board and would consider Special Educational Needs transport alongside these vehicles, in addition to working with the NHS and Clinical Commissioning Group.

The opportunities regarding post 16 education were also highlighted, as the approach proposed would enable more options for young people to access their choice of school or college for further education.

The Cabinet was informed that a newsletter would be published for all members soon regarding the work of the Holistic Transport Board, contract arrangements, community transport and toolkit.

**Resolved**

That the cessation of Dorset's concessionary travel enhancement, ending free travel before 9.30am when there is no service until after 10.30am be approved, to be implemented from August 2017 to coincide with the start of new public transport contracts.

**Reasons for Decision**

1. To better align Dorset County Council's concessionary travel scheme with the English National Concessionary Travel Scheme.
2. To encourage service providers to open more schools routes to the public when the new contract model for passenger transport was implemented in September 2017. Helping to ensure that, as far as possible, people would be part of inclusive communities and not feel lonely or isolated.
3. To provide financial savings that would allow Dorset County Council to allocate resources effectively. Helping to ensure that local taxpayers got the best value for money.

**Notification of a scheme exceeding £500,000 - A30 resurfacing, Stour Hill to Somerset County Boundary**

- 29 The Cabinet considered a report by the Cabinet Member for Environment, Infrastructure and Highways on the A30 resurfacing from Stour Hill to the Somerset County Boundary.

**Resolved**

That the scheme be approved to proceed on 5 March 2017 as programmed.

**Reason for Decision**

Failure to address this now could see further deterioration of the road surface that might incur revenue liabilities in the form of reactive repairs and third party claims.

**Funding strategy for supporting Dorset's communities through its voluntary and community sector (VCS) and its parish and town councils (PTCs) from April 2017**

- 30 The Cabinet considered a report by the Cabinet Member for Health, Wellbeing and Communities regarding the continued involvement of the Voluntary and Community Sector (VCS) and parish and town councils in the delivery of the County Council's corporate objectives.

Cllr Rebecca Knox drew attention to the support provided by the Council and the work to improve outcomes through grants and allocation of funding. The level of staff volunteering at the County Council was also highlighted, including the award from Dorset Community Action as 'Best Voluntary Organisation' in 2016. The new Strategy would be kept under review and developed over time.

In terms of performance monitoring of outcomes as a result of allocation of grants, it was noted that there were contractual obligations as part of the arrangement which included measurement against Council priorities, and strict criteria. Bringing the service back into the Council also provided closer transactional visibility.

Members discussed the allocation of funds to partner organisations, and it was noted that although the amounts decreased over a two year period, it remained constant for Dorset Association of Town and Parish Councils at a level of £25k. The funding would be used to enable engagement through transformation and devolution work with town and parish councils which was vital in the coming years, albeit that this could be reviewed in due course.

**Resolved**

1. To ensure Dorset's most vulnerable residents have access to information, advice and guidance and to organisations that can provide the support required. This will be

achieved through a funding allocation for year one of £103,500 and year two £98,353 to organisations that provide the appropriate information and guidance to residents. This will be delivered by the provision of a 2 year strategic grant.

2. To support volunteering and the volunteering infrastructure across Dorset to maximise the impact to Dorset's most vulnerable communities through a funding allocation for year one of £54,000 and year 2 £51,300 to a support organisation that promotes volunteering, matches tasks to organisations and will continue to promote the Council's volunteering scheme in line with the corporate outcomes. This will be delivered by the provision of a 2 year strategic grant.

3. To continue to build the capacity of the Voluntary and Community Sector and Parish and Town Councils through support, advice and training to organisations so that the sector can participate in service delivery to meet the objectives of residents and the Council, to be achieved through a funding allocation of £90,000 for year one and £85,500 for year 2 for support to Organisations and funding allocation of £25,000 per annum to help build the capacity of Town and Parish Councils. This will be delivered by the provision of a 2 year strategic grant.

4. To continue but limit the provision of the Dorset Innovation Fund to one round of applications per year to enable funding for smaller innovative projects targeted at Dorset's most vulnerable communities and lever new money into the County which supports the councils ambition of reducing demand for its services through connecting people to the right support early. This will be achieved through a funding allocation of £85,000 to provide direct grants and some match funding often required by other grant providers as a condition of grant awards.

5. To agree that all grant agreements across the County Council will be recorded using the Council's contract and grant management system.

#### Reason for Decisions

Dorset's voluntary and community sector and its parish and town councils remained vital to support, enable and improve the quality of life of Dorset's communities and residents. The outcomes of the recommendations would assist the County Council to deliver the priorities as outlined in the Corporate Plan.

### **Dynamic Purchasing System - Passenger Transport**

31 The Cabinet considered a report by the Cabinet Member for Environment, Infrastructure and Highways regarding the contract arrangement for the current Dynamic Purchasing System (DPS), used for procurement of passenger transport services in Dorset, which was due to expire on 30 April 2017. Assurance that the contract would be futureproofed and flexible was provided, particularly given any potential reorganisation of Local Government in Dorset.

#### Resolved

That the implementation of a new Dynamic Purchasing System from 1 May 2017 onwards, on terms to be agreed by the Service Director Economy after consultation with the portfolio holder, be approved.

#### Reasons for Decision

1. To meet the authority's statutory duty in respect of Special Educational Needs and Children in Care travel and to supplement any gaps in the Council's statutory provision of Home to School transport.

2. To contribute to the authority's corporate priorities of providing travel assistance for users, whilst facilitating independence and promoting economic growth.

### **Recommendations from Committees**

32 The Cabinet considered the following recommendation.

**Economic Growth Overview and Scrutiny Committee - 25 January 2017****33**      Recommendation 6 - Notice of Motion: Clause 21 of the Bus Bill/ Bus Subsidies Working Group

The Cabinet received a minute from the Economic Growth Overview and Scrutiny Committee meeting held on 25 January 2017, and noted that although Clause 21 had been removed by the Lords, it was possible that the Commons could reinstate it. Members supported the recommendation and the Leader of the Council agreed to add his name to the letter.

**Resolved**

That the approach taken by the Committee and their broad support for the principle of the motion be endorsed, and that the Leader of the Council would add his name to the letter being written by the Chairman of the Economic Growth Overview and Scrutiny Committee, portfolio holder and Director for Environment and the Economy.

**Questions from County Councillors**

34      No questions were asked by members under Standing Order 20.

Meeting Duration: 10.00 am - 12.00 pm

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# Cabinet

## Dorset County Council



Date of Meeting	1 February 2017
<p><u>Cabinet Member</u> Robert Gould – Leader</p> <p><u>Lead Officer(s)</u> Richard Bates – Chief Financial Officer</p>	
Subject of Report	<b>Medium Term Financial Plan (MTFP) and Budget 2017/18 to 2019/20</b>
Executive Summary	<p>This report provides the final update on the major national and local issues facing the County Council and how they affect the 2017/18 budget and financial strategy for the three years to the end of the current spending review period.</p> <p>The Cabinet meetings on 14<sup>th</sup> December 2016 and 18<sup>th</sup> January 2017 agreed the basis for final development of the budget and MTFP, subject to the finalisation of the Forward Together programme and the risks surrounding the savings targets therein.</p> <p>This paper summarises the development of the budget and MTFP throughout the year, culminating in recommendations for Cabinet to propose to County Council regarding Council Tax and Social Care Precepts, expenditure allocation and savings measures.</p> <p>Recommendations are also included to ensure members understand and are kept informed of the ongoing management of risks inherent in the budget and how the County Council will need to manage its reserves and balances if there is agreement to transition to new Local Government structures across the county.</p> <p>The budget monitoring information for 2016/17 has been routinely provided through the regular MTFP updates to Cabinet. Appendix 1 sets out the latest (December) forecast, predicting an overspend of some £9.6m. The root causes of the overspend have been drawn to Members’ attention during the year and are not repeated here. Focus will remain on reducing the overspend as far as possible, by 31 March to minimise the adverse impact on the base budget position for 2017/18. Directors have made their best attempts possible to assess the impact of current and future years’ pressures and build them into the MTFP to ensure we understand the size of the Forward Together programme that</p>

	<p>must be delivered and balance this against judicious use of reserves and balances. This has been a key consideration of the S151 Officer in considering his statutory duty to ensure a balanced, achievable budget.</p>
<p>Impact Assessment:</p>	<p>Equalities Impact Assessment: This update does not involve a change in strategy. As the strategies for managing within the available budget is developed, the impact of specific proposals on equality groups will be considered.</p>
	<p>Use of Evidence: This report draws on proposals and funding information published by the Government, briefings issued by such bodies as the Society of County Treasurers and the content of Dorset County Council reports and financial monitoring data.</p>
	<p>Budget: The report provides an update on the County Council’s previously reported budget position for the period 2017/18 and the following two years.</p> <p>Major risks that influence the development of the financial strategy include:</p> <ul style="list-style-type: none"> <li>• views taken on changes in grant funding, business rates growth, inflation rates, demographic and other pressures and income from locally raised tax, including the Social Care Precept;</li> <li>• success in delivering the savings anticipated from the existing Forward Together programme and a further, significant transformation beyond that point to manage within our medium-term funding limits;</li> <li>• judgement on the prudent use of reserves, balances and contingency;</li> <li>• pressures arising that have not been factored into the budget and/or the Forward Together programme.</li> </ul>
	<p>Risk Assessment: Having considered the risks associated with this decision using the County Council’s approved risk management methodology, the level of risk has been identified as:                  Current Risk: HIGH                  Residual Risk HIGH</p>
	<p>Other Implications:</p> <p>None.</p>



<p>Recommendation</p>	<p>The Cabinet is asked to consider the contents of this report and, subject to confirmation of funding levels once the final settlement is received:</p> <ul style="list-style-type: none"> <li>(i) consider the service issues and risks associated with the savings measures arising from the updated Forward Together programme, set out in Appendix 2 and agree these as the measures upon which any relevant consultation takes place (these are also the measures which the flexible use of capital receipts strategy will support);</li> <li>(ii) note the outcome of the Authority’s review of reserves and balances and the risks associated with the use of reserves to balance the budget over the planning period and the impact this will have on the starting position for new Local Government structures in Dorset from 1 April 2019;</li> <li>(iii) confirm the Council Tax increase of 1.99% for 2017/18 and the assumption of 2% annual increase across the remainder of the planning period;</li> <li>(iv) confirm a Social Care Precept of 3% for both 2017/18 and 2018/19 and 0% for 2019/20;</li> <li>(v) recommend to the County Council: <ul style="list-style-type: none"> <li>a) the revenue budget strategy for 2017/18 to 2019/20</li> <li>b) the budget requirement and precept for 2017/18</li> <li>c) the position on general balances and reserves;</li> </ul> </li> <li>(vi) require the Chief Financial Officer to present to the County Council a schedule setting out the Council Tax for each category of dwelling and the precepts on each of the Dorset Councils for 2017/18</li> <li>(vii) agree to continue the Budget Strategy Task and Finish Group in order to develop savings proposals to address budget gaps over the remainder of the MTFP period;</li> <li>(viii) that the role of the FT Programme is clarified to ensure managers are held to account for their budgets and ensure that specific, measurable actions are put in place to ensure budgets at risk are managed within the funding parameters agree by Elected Members.</li> </ul>
<p>Reason for Recommendation</p>	<p>To approve the Council Tax increase for 2017/18 and to enable work to continue on refining and managing the County Council’s budget strategy for the remaining MTFP period.</p>
<p>Appendices</p>	<ul style="list-style-type: none"> <li>1 – CPMI for December 2016</li> <li>2 – Summary of Forward Together programme and savings proposals for 2017/18</li> <li>3 – Provisional budget and precept summary 2017/18</li> </ul>
<p>Background Papers</p>	<p>Provisional Local Government finance settlement Comprehensive Spending Review 2015 Autumn Statement 2016</p>

	Society of County Treasurers' briefing papers MTFP updates to Cabinet on 29/06/2016, 28/09/2016, 14/12/2016 and 18/01/2017
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## 1. Background

- 1.1 The Medium Term Financial Plan (MTFP) sets out the key financial arrangements and assumptions on which the County Council's budget is based. It underpins delivery of the County Council's Corporate Plan. This report is the fifth and final of the year to update Members on the current financial position and the forecast for the remaining three years of the MTFP.
- 1.2 When Cabinet considered the budget strategy on 18<sup>th</sup> January 2017, Members agreed a number of strategies, including for Council Tax, the Social Care Precept, use of collection fund surpluses and use of capital receipts. Earlier in the year Members had also agreed other strategies including for inflation, wage growth, demographic factors and capital financing, through the Budget Strategy Task and Finish Group. It was also understood that more detailed measures for savings from transformation in the Forward Together programme would also come to the February meeting once fuller consideration had been given to the robustness of the revised programme by Directorate Management Teams.
- 1.3 These savings proposals and the assessment of the risk and potential impact of these upon the County Council's reserves and balances are the final building blocks in our financial model and must be clearly understood to ensure the risk to the organisation's financial security is managed robustly. These savings are set out in Appendix 2.
- 1.4 Cabinet is therefore asked to recommend the Budget Strategy to the County Council. In determining the Strategy, Council must take account of the following:
- the resources available; particularly through council tax and Social Care Precept, the settlement and the impact of the funding formula over the MTFP period;
  - the present national economic situation and the Government's adherence to the fiscal tightening strategy to balance the national budget in the longer term;
  - advice and information issued by the Government, including the report of the Spending Review 2015 and the Chancellor's Autumn Statement issued in November 2016;
  - the Prudential Code for Borrowing and the County Council's capital financing policy;
  - the County Council's corporate aims and priorities, agreed by the Cabinet;
  - the potential impact of the strategy on service provision and the Council's performance in key service areas;
  - the risks associated with reducing funding for current services or not addressing budget pressures;

- the risks associated with the Forward Together programme savings and the elimination of the structural budget deficit over the MTFP period;
- the material use of reserves and balances;
- the turbulence in funding and associated risk that will continue throughout the MTFP period, particularly from the 100% business rates retention programme.

## 2. Development of the budget and MTFP

### Opening position

- 2.1 Members may recall from the June report that the opening position for the year was a budget gap across the three years of the MTFP as shown in the table, below.

	2016/17	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000	£000
Original budget gap	(15.3)	(25.2)	(12.4)	(12.3)	(65.2)
Forward Together savings	9.0	6.4	1.0	-	16.4
Transitional funding	3.0	3.0	(3.0)	-	3.0
Rural Services Delivery Grant	1.1	0.5	(0.5)	-	1.1
No negative RSG (Grant adj)	-	-	2.1	(2.1)	-
Use of contingency, reserves etc	2.2	-	-	-	2.2
Remainder to be found	-	(15.3)	(12.8)	(14.4)	(42.5)
Social Care Precept	-	4.0	4.2	4.5	12.7
Residual budget gap	-	(11.3)	(8.6)	(9.9)	(29.8)

- 2.2 The starting point was therefore, the pursuit of savings of around £29.8m over the 3 year period to 31 March 2020. To support this, Cabinet established the Budget Strategy Task & Finish Group to consider how the organisation could progress its budget strategy alongside the Forward Together programme and deliver savings whilst transforming the organisation. The Group met monthly throughout the year, challenging and amending budget assumptions and receiving various presentations from Directors and their senior managers to understand and develop budget proposals of which Cabinet were kept abreast through the MTFP update reports.

### Outturn, forecast of outturn and cost pressures during the year

- 2.3 As part of the development of the 2016/17 budget, Members were mindful of the forecast overspend against service budgets in 2015/16 (final outturn £3.6m overspend on service budgets) and the continuing impact this would have on the base budget if the root causes were not dealt with. In response Members increased the base budget for Children's Services by £3m as well as providing for an additional £4m of one-off funding in 2016/17 to help reduce the number of children in care to the 400 mark advised by the Director as being the appropriate level when compared to similar local authorities. Members also agreed to levy the new, Adult Social Care Precept as part of the budget strategy, delivering an additional £3.8m of funding to the Adult & Community Services Directorate.
- 2.4 However, despite these measures, cost pressures have continued throughout 2016/17 to the extent that the Authority's latest forecast of outturn is an overspend of nearly £10m. Whilst Directors and their teams continue to take action to reduce spend, a more fundamental review of the Forward Together programme has also

been carried out. This has involved Directors and their leadership teams reviewing and assessing the real savings prospects from the existing Forward Together programme alongside cost pressures that have arisen and not been fully dealt with in the current year.

- 2.5 As noted elsewhere, the measures in the programme which Directors are confident in their ability to deliver are now set out in Appendix 2 for review by Members and subsequent consultation with overview and scrutiny committees where necessary. This fundamental review now sees Directors pursuing £18.3m of transformational savings across their services in 2017/18. Whilst there is therefore some time to work on the remaining budget gap for 2018/19 (and 2019/20 will be heavily dependent upon the outcomes of the 100% business rates retention work), measures to balance the budget for 2017/18 must be taken.

#### Local Government finance settlement

- 2.6 The provisional settlement was announced by the Secretary of State for Communities and Local Government, Sajid Javid, on 14<sup>th</sup> December 2016. Much of it was already known to us - in that Members had signed-up to the Government's four-year funding deal, so despite the fact that we will continue to press our case around negative RSG in 2019/20, there was at least the knowledge that the majority of our funding was known and was being planned for with relative certainty. The summary funding table from the 18<sup>th</sup> January MTFP report is repeated, below, for completeness.

	2015-16	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m	£m
Settlement Funding Assessment	73.290	56.143	43.584	38.650	29.885

- 2.7 As well as general funding there were also announcements confirming arrangements for the withdrawal of Education Services Grant, a new Adult Social Care Support Grant and adjustments to the Social Care Precept, all of which were covered in more detail in the last report and were the subject of particular recommendations which Cabinet agreed.

#### Collection fund surpluses and growth in the base

- 2.8 As the budget strategy work developed, Members will also recall the most recent update around the growth of 0.9% in the Council Tax base (our assumption was 0.75%) and the £3.47m of surpluses declared on the collection funds which will form part of the precept for 2017/18. This additional growth in excess of our assumption in the CT base is worth £320k to our base budget. An assumption had also been made earlier in the budget process that £0.5m of collection fund surpluses could be built into the base budget.

#### Flexible use of capital receipts

- 2.9 The January update report provided a revised strategy for the flexible use of capital receipts which Members approved, subject to the provision of the formal list (Appendix 2) of transformation projects which the £2m of capital receipts would be used to fund in the first two years of the MTFP (a further £1m would be applied to transformation costs in 2016/17).

### Pension fund valuation

- 2.10 Again, the January update provided information to indicate that there would be additional pension fund costs over the MTFP period and beyond in order to deal with the results of the most recent valuation exercise.

## **3 Council tax strategy**

- 3.1 Cabinet has been clear and consistent in its strategy for council tax throughout recent financial planning rounds. Because of the sustained reductions in funding, Cabinet has decided that it has been and will continue to be necessary to increase council tax by 1.99% across the MTFP period.
- 3.2 In addition to this, from 2016/17 Government allowed Local Authorities with social care responsibilities to levy up to an additional 2% on council tax as the Social Care Precept. On top of this, Members will recall the Secretary of State's announcement at the time of the provisional settlement in December 2016 that councils could alter the phasing of the Social Care Precept over the next three years. Local authorities are now able to levy up to an additional 3% in any year but the flexibility is still capped at 6% overall increase across the three years to the end of the current Parliament.
- 3.3 The Cabinet agreed in January to a change in the budget assumptions, moving from the Adult Social Care Precept increasing by 2% per annum to increasing by 3% in 2017/18 and 2018/19 and then zero in 2019/20. The flexibility in front-loading this increase delivers £6m additional funding over the three-year period, as set out in the January update report. Members are however reminded that whilst this approach has been agreed by Cabinet, it is still subject to recommendation to County Council which must agree council tax as part of the budget setting process.
- 3.4 Any funding delivered through the Social Care Precept must be used for adult social care. If Members agree the 3% increase it will therefore all be applied to that Directorate's budget. This does not, however, mean that the Adult & Community Services budget simply increases by this amount. This budget remains the highest area of the Council's spend and clearly cannot be protected from either efficiency savings or other budget reductions, such is the continuing magnitude of the funding change.

## **4 Contingency, reserves and balances**

- 4.1 The 2016/17 base budget for contingency was £2.3m. As usual, it has been subject to a broad range of calls this year but the December CPMI is positive in anticipating an underspend of £0.5m. This position is likely to improve further, depending on redundancies to be confirmed before 31 March, which will be capitalised, and confirmation of the other anticipated calls on the fund. The contingency budget set for 2017/18 has been increased to £2.9m.
- 4.2 We have also carried out our usual review of reserves, to ensure sufficient funding is made available to deal with specific pressures we have acknowledged in this paper - and elsewhere during the MTFP process. These include:
- transitional funding required to deal with the sharper reduction in Education Services Grant (ESG);
  - funding to support the transformation process and to enable savings in SEN Transport that have not been achieved as quickly as originally anticipated;

- the final £1m of the £5m total, one-off funding to support children in care, agreed as part of the 2016/17 budget round;
- timing of savings within Adult & Community Services (see paragraph 6.2).

4.3 The authority's balances (the general fund) opened 2016/17 at £14.6m. Whilst we have identified some savings to mitigate the overspend - including repairs and maintenance and capitalisation of redundancy costs - the eventual outturn for this year will still impact on balances and could pull us towards the lower end of our operating range of £10m.

4.4 It is therefore still imperative that we continue to do everything in our power to reduce spend in the remainder of the year. The Chief Executive has recently written to all staff with a reminder of the budget pressures and the need for continuing, careful consideration of every item of expenditure.

4.5 It is worth reminding Members of the scale of our operating range:

<u>Absolute minimum</u>	<u>Operating range</u>	<u>Maximum</u>
0.8% of gross spend £8.0m	1% to 2% of gross spend £10m to £20m	2.5% of gross spend £25m

## 5 Forward Together position and prospects

### Adult & Community Services

5.1 The Adult & Community Services budget has a current base budget pressure of £7.6m of which the majority is associated with Adult Social Care. Although considerable savings have been made by the Directorate in recent years the underlying net expenditure has continued to increase mainly due to increases in the cost of care. The Directorate is also committed to making savings within the Forward Together programme of £4.6m & £4.1m in 2017/18 and 2018/19 respectively.

5.2 The budgets for 2017/18 and 2018/19 have been set within stretching parameters. No general inflationary increases have been applied across the Directorate budgets however, it has been assumed that Social Care fees/costs would increase by 2.5% and all non-social care services have also absorbed the pay award and incremental drift.

5.3 After the application of the 2% Social Care Precept the base deficit in the budget for 2017/18 is £7.5m. When the Forward Together target is added to this the total savings required to balance the budget is £12.1m.

5.4 The proposed savings programme for 2017/18 has been drawn up by the Directorate Management Team in response to the budget pressures and will make use of the Transformation fund to help implement it. Appendix 2 gives a summary of the proposed savings programme, totalling £7.1m. The gap remaining after the savings is £5m. If approved, the application of a further 1% precept (£2.1m) and the new Adult Social Care Support Grant (£1.5m) the gap reduces to £1.4m.

5.5 The proposed savings programme is stretching. The savings associated purely with Social Care amount to 4.5% of the available budget however they are all achievable and relate to working more efficiently and economically, rather than reductions in services. They are not without risk though. Those risks being, amongst others:

- Market conditions and price,

- Wider market Care work force capacity,
- NHS / Sustainability and Transformation Plan (STP) / Better Care Fund (BCF) assumptions,
- Capacity and capability.

### Children's Services

- 5.6 The original saving proposals put forward as part of the 2016/17 to 2019/20 forward together programme identified savings of £1.775m for 2017/18 and a further £1.2m for 2018/19. However, it was also agreed that Directorates would have to fund any internal pressures including the cost of staff increments and current overspends. In addition there are the well reported cost pressures that have been incurred during 2016/17 in relation to the cost of children in care, agency staff and SEN transport. This has meant that the Children's Services savings target for 2017/18 has been inflated by £3.404m to £5.179m. £1m of this will be funded corporately by increasing the SEN transport budget, meaning that the Directorate has identified savings of £4.179m, details of which are summarised in Appendix 2.
- 5.7 The Forward Together for Children programme has been developed to tackle these cost pressures and to deliver additional savings from within the Directorate. So whilst there are pressures across three main areas, it is also acknowledged that efficiencies can be found from elsewhere within the Directorate.
- 5.8 The number of looked after children has averaged 493 for the financial year to date. This has resulted in significant cost pressures, with the looked after children budget forecast to overspend by £6.2m. The long term number of children in care for Dorset is thought to be around a central number of 400 children at any one time, which is in line with the average of our statistical neighbours. The numbers have now plateaued and officers are confident that numbers can be successfully brought down during the year. The MTFP has provided a further £1m of ongoing funding to support looked after children and also set aside one off funding of £1m. This additional funding should be sufficient to cover the costs anticipated in 2017/18.
- 5.9 In relation to agency costs additional savings of £734k have been identified to cover the expected costs of agency during 2017/18 as the recruitment and retention programme is fully embedded. It is anticipated that there will be no agency requirement by March 2018, as outlined in the Progress and Next Steps in regard to Care and Protection report to Cabinet on 18 January 2017.
- 5.10 In relation to SEN transport, expenditure has remained stubbornly high at around £8.5m for the last three years despite plans to reduce this. Recent analysis of data shows 889 children for whom the County Council provides some travel assistance. This significantly higher than the initial data on which the savings target was calculated. As a consequence over optimistic budget assumptions resulted in a premature saving of £1.25m being taken in 2016/17. It is proposed that £1m of this is reversed in 2017/18 for a year to provide time for the efficiencies to be delivered. This will mean that pressures of around £1m will be required to be tackled during 2017/18, but the major review of special schools transport route retender in the summer and a review of eligibility, as well as the deployment of passenger assistants, is expected to deliver these savings.

### Environment & Economy

- 5.11 For 2016/17 the currently predicted overspend is £610k, with reasonable prospects that this will reduce in the closing months of the financial year although this will be

difficult. There is some under achievement of 2016/17 Forward Together savings targets, offset to some degree by planned underspends on 'business as usual' services.

- 5.12 For 2017/18 the Forward Together savings programme has been reviewed and updated, taking into account current views of the Environment and Economy leadership team on this and further issues identified during the construction of the revenue budget. It is acknowledged that the updated programme is ambitious.
- 5.13 Following the work to re-shape and re-focus Environment, Economy and Highways services in 2015, further work has been undertaken to review this and refine the new service models to ensure the transformation intended has resulted in the expected benefits and impacts. Each service area, including ICT and Emergency Planning are undertaking further work. This has inevitably resulted in a wider range of initiatives than might otherwise be anticipated.
- 5.14 The updated savings plan is shown within Appendix 2.
- 5.15 The Department for Transport has very recently announced a new allocation (the National Productivity Investment Fund) of £2.492m for Dorset County Council. This will be of benefit to the capital, rather than revenue budget.

#### Public Health

- 5.16 The Public Health grant for Dorset County Council for 2017/18 has been confirmed at £15.715m. The detailed budget for the partnership will be formerly approved at the Joint Public Health Board on 6<sup>th</sup> February.

#### Dorset Waste Partnership

- 5.17 For 2016/17 the currently predicted underspend is £1.28m (on a net budget of £34.2m) across the whole partnership, with the Dorset County Council share of the predicted underspend being £823k.
- 5.18 The Dorset Waste Partnership (DWP) revenue budget for 2017/18 of £33.1m was agreed at the Joint Committee meeting of 16 January 2017, with a recommendation that partner councils include their share (as agreed through the Inter Authority Agreement) in their own budgets. Dorset County Council has a share of 64.32%, which implies an amount of £21.289m to be included.
- 5.19 Although not part of the formal Forward Together programme, the figures for 2017/18 are calculated on the assumption that the DWP can achieved £1.149m (Dorset County Council share being £700k) of savings for the partnership through measures such as contract renewal savings, changes to winter opening hours at household recycling centres, a review of 'Bring Banks' and a reassessment of the average life of bins. All of these savings are already being realised to a considerable degree.

#### Chief Executive's Department

For 2017/18 the Forward Together savings programme has been reviewed and updated, and has now identified savings of £1.132m for the Chief Executives Department. Once you take account of the movement of IT services into the Environment Directorate this is within £20k of the original target.



- 5.20 Of the target £762k has already been achieved, £156k is on course to be delivered and £214k requires more work. The £214k that requires more work falls across HR and Legal Services and it is planned to be dealt with by internal reviews of the services. Details are shown in Appendix 2.

Remaining/corporate issues

- 5.21 There are two main areas of savings in the Forward Together programme where progress, monitored by the FT Board, has been reassessed and now needs rebasing.
- 5.22 It is becoming clear that savings from the Way We Work (Property) programme are lagging and that budget of £0.3m is required for the savings which were either double-counted (Youth Service) or wrongly included (depreciation) in the original plans. This can be provided from the excess growth in the taxbase compared to the original budget assumptions.
- 5.23 The other area is SEN transport where the Board has again recognised that sustainable savings cannot be found from the budget in the short-term. Funding of £1m has therefore been applied as part of the 2017/18 budget round to smooth the delivery of these savings. This has been funded through a reduction in the Buildings Repairs and Maintenance budget (£0.75m) which was significantly underspend in the current financial year and from capital financing savings resulting from the review of the capital programme which are detailed in the capital priorities report.

Local Government Reorganisation

- 5.24 If the reorganisation of local councils within Dorset proceeds, then funding will be required to achieve the transition. A total of £2.5m would be required for the initial transitional resources which would need to be found by the 9 authorities. The costs beyond that point which are estimated at a further £22.5m would be capitalised and the costs borne by the successor authorities.
- 5.25 The proposed split of the £2.5m would see Dorset County Council contributing £274,700 in 2017-18 and a further £417,800 in 2018-19. The costs for 2017-18 can be met from the sum set aside in the current years' budget.

**6 Updated financial position**

- 6.1 Working all of these issues into the financial planning model for 2017/18 delivers a gross budget gap of £18.3m. It has been necessary to recalculate this figure as part of the review of the FT Programme so that Directors know the precise size of the budget gap they are filling. It can then be seen (through Appendix 2) that the incorporation of changes to the Forward Together programme's financial targets, the budget gap is reduced to £1.4m.

	Adult & Community £k	Children £k	Environment & Economy £k	Chief Executive's £k	Corporate £k	Total £k
Forward Together Targets 17/18	4,592	1,775	1,906	1,656	620	10,549
Adjustment for movement between Directorates			1,165	(545)	(620)	0
	4,592	1,775	3,071	1,111	0	10,549
Remaining Budget Pressure (Savings to be identified)	7,499	3,404	1,702	21		12,626
	12,091	5,179	4,773	1,132	0	23,175
Additional Funding	(3,582)	(1,000)	(300)			(4,882)
Net savings to be found	8,509	4,179	4,473	1,132	0	18,293
Plan (as per Appendix 2 - excluding partnerships)	(7,110)	(4,179)	(4,473)	(1,132)		(16,894)
Remaining Budget Gap	1,399	0	0	0	0	1,399

- 6.2 In addressing this gap, it is worth pointing out that the Adult & Community Services Director has identified potential savings in 2018/19 that will offset the budget gap in 2017/18 – the budget can therefore be balanced over the two-year period. It is therefore suggested that this gap is addressed through use of one-off monies (collection fund surpluses).
- 6.3 Members might recall that a planning assumption had already been made to use £0.9m of the general fund in 2017/18 to achieve a balanced budget. Continuation of that assumption along with the new £1.4m use of collection funds plus the £0.5m assumption we had already incorporated into the MTFP is presented together in the table, below, to clarify the total funding made available from these one-off sources.

<u>Provisional budget summaries for 2017/18 to 2019/20</u>				
		2017/18	2018/19	2019/20
		£M	£M	£M
Assumed council tax increase		4.99%	4.99%	1.99%
Band D equivalent tax		£1,326.87	£1,393.11	£1,420.83
Previous year's budget		264.9	264.1	266.2
Move in specific grants applied as general funding		0.1	2.6	2.4
Commitments provided for:				
- Resource Allocation Model		2.0	2.6	3.1
- Other central commitments		15.8	8.4	10.0
- Collection Fund surplus		3.5		
<b>Total budget requirement before savings</b>		<b>286.2</b>	<b>277.7</b>	<b>281.7</b>
<b>Estimated budget available</b>		<b>264.1</b>	<b>266.2</b>	<b>265.8</b>
Savings required	3-year total:	-49.4	-22.1	-15.8
Savings found by:				
- Forward Together programme		-18.3	-9.5	
- Use of Collection Fund/Balances (One Off)		-2.8	-0.8	-0.5
- Use of Capital Receipts (One Off)		-1.0	-1.0	
- Remainder still to be found to avoid scaling		0.0	-0.2	-15.3

## **7 Consultation and equality**

- 7.1 This high level update of the Budget Strategy does not, in itself, involve a change in strategy and therefore does not require an impact assessment. However, as the strategy for managing within the available budget is developed and as particular courses of action are formulated and consulted upon, Directorate Management teams will take forward specific impact assessments for relevant equality groups and consult with overview and scrutiny committees where necessary.
- 7.2 The major public consultation exercise carried out this year was focused primarily on Local Government Reorganisation. Whilst this work dealt with many aspects of governance, accountability, structure and reporting, financial management was a critical consideration and a great deal of work went into ensuring Members, Officers, communities and individuals across the County were better informed of the financial imperatives facing the nine Dorset Authorities.
- 7.3 The results of this consultation work have been reported to Members, along with reports from Opinion Research Services, Local Partnerships and PWC to ensure Members had all the information they needed when voting on LGR in January 2017.

## **8 Risk assessment**

- 8.1 A number of risks have been identified and reviewed during this annual update of the MTFP and budget setting round, which include:
- the possibility that the Forward Together programme (including the inclusion of unsolved base budget issues carrying forward for 2016/17) fails to deliver transformation at the level that is required over the MTFP to deliver the necessary savings, or that the programme needs additional investment to realise the savings that have been identified ;
  - economic performance does not match the expectations of central Government plans and even more austerity measures are applied to our funding;
  - continuing risks from the Business Rates Retention scheme as the risks lie materially with local authorities, not with central Government;
  - there is a risk that Government policy across a range of services will impact on the demands on our resources, most specifically the Dilnot reforms for adult social care;
  - improved Better Care Fund – there are significant, continuing risks that this funding will be accompanied by new burdens or responsibilities or that the fund will be encumbered in some way. Only £1.5m of the funding due to the County Council has been factored into the base budget from 2018/19;
  - the risk of an increase in the numbers of Unaccompanied Asylum Seeking Children which will bring budget pressures with them if sufficient support funding is not made available from Central Government. Cabinet debated UASC concerns at the 18<sup>th</sup> January meeting and will be actively monitoring the situation;
  - the risk any further overspends on service budgets in the context of the reduced level of our general balances.

## **9 Statutory declarations**

- 9.1 Section 25 of the Local Government Act 2003 requires all financial officers with *Section 151 responsibilities* to make a statement regarding the robustness of estimates and the adequacy of reserves at the time the budget is set. The Council

has a statutory duty to “have regard to the report when making decisions about the calculations”.

- 9.2 There are also other safeguards aimed at ensuring local authorities do not over-commit themselves financially. These include:
- the Chief Financial Officer's powers under section 114 of the Local Government Act 1988, which require a report to the Cabinet and to all members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget;
  - the Local Government Finance Act 1992, which requires a local authority to calculate its budget requirement for each financial year, including the revenue costs which flow from capital financing decisions. The Act also requires an authority to budget to meet its expenditure after taking into account other sources of income. This is known as the ‘balanced budget requirement’;
  - the Prudential Code, introduced under the Local Government Act 2003, which has applied to capital financing and treasury management decisions from 2004/05;
  - the assessment of the financial performance and standing of the authority by the external auditors, who give their opinion on the financial standing of the authority and the value for money it provides as part of their annual report to those charged with governance.
- 9.3 The robustness of the budget critically depends on the maintenance of a sound financial control environment including effective financial management in each of the Council’s service directorates. Dorset’s Scheme of Financial Management sets out the responsibilities of all those involved in managing budgets and incurring commitments on behalf of the County Council. It was substantially reviewed and rewritten to coincide with the introduction of DES and updated again in January 2014 to reflect the changes made to Contract Procedure Rules and the Scheme of Delegation. Under the scheme, managers are required to identify savings to offset overspends elsewhere on budgets for which they are responsible. I will be writing to each Director and Head of Service to remind them of their obligations under the County Council’s *Scheme of Financial Management*.
- 9.4 Whilst budgets are based on realistic assumptions, some budgets are subject to a degree of estimating error as actual expenditure can be determined by factors outside the Council’s control, for example demand-led budgets such as provision for adults with a learning disability. It is also generally not appropriate or affordable to increase budgets to reflect overspends in the previous year. A reasonable degree of challenge to manage within the resources available is necessary and monitoring of expenditure, in order to take corrective action if necessary, is particularly important during a time of budget reductions.
- 9.5 The Council has well-developed arrangements for the monitoring of budgets during the year, which are reported through the Corporate Performance Management Information system (CPMI), published via SharePoint. This includes detailed information on the “Top 20 Budgets” and Cost Centre expenditure against budget, which is updated on a monthly basis.
- 9.6 Technical aspects of the budget process applied for 2017/18 have been similar to recent years. The Resource Allocation Model (RAM) again provides a robust starting point for addressing inflationary, demographic and volume pressures in an open and

fair manner. It provides a sound platform on which to build and develop future medium term financial strategies and budgets.

- 9.7 Member involvement in budget development has been exercised particularly through meetings of the *Forward Together Board* and the *Budget Strategy Task & Finish Group*. It is also suggested that the Budget Group should continue to meet monthly, especially given the risks involved in the transition to new Local Government structures in the county, with its very specific focus and challenge, to develop savings proposals.
- 9.8 Senior Members and officers worked well together to bring forward proposals for consultation that would balance the budget in 2017/18. All-member briefings were held in September and December. Portfolio Holders have taken a lead on all budget proposals presented to the Cabinet and the overview committees.
- 9.9 In addition to the above and discussions at committees, members have had access to the four earlier, detailed budget reports which have provided the national and local context for the medium term financial plan and budget strategy. These reports included an update for the provisional local government finance settlement. The budget strategy has also been covered in meetings of the Audit and Governance Committee.
- 9.10 Taking all these factors into consideration, I consider that the estimates prepared in line with the strategy explained in this report are robust. However, the challenge of managing expenditure within them should not be underestimated; particularly given our short-term dependence on reserves and the need to deliver significant savings through transformation. Close monitoring will be required during the year and prompt corrective action must be taken whenever planned savings are not being delivered and progress toward a balanced budget for 2017/18 is not sustained. The position outlined above, regarding the authority's projected general fund balance makes achievement of our savings targets critical.

**Richard Bates**  
**Chief Financial Officer**  
January 2017

## Appendix 1

## CPMI – December 2016

Cost Centre Management Budget Monitoring Summary	Year	2016-17	October	November	December	Responsible Officer	'Above Line' Net Budget		Projected	Projected	Projected
							Only	Forecast	Under/(Over)	Under/(Over)	Under/(Over)
							£000's	£000's	£000's	£000's	£000's
<b>Children's Services Directorate</b>											
<b>Childrens Service Budget</b>											
Pre September 16 structure	Sara Tough	6,387	7,259	(1,338)	(1,032)	(872)					
Care & Protection	Vanessa Glenn	21,368	29,438	(7,613)	(7,933)	(8,070)					
Design & Development	Patrick Myers	6,251	5,635	365	437	616					
Partnerships and Performance	Jay Mercer	21,449	29,216	(7,553)	(7,720)	(7,768)					
Directors Office	Sara Tough	1,881	1,830	262	(67)	50					
Application of Contingency	Richard Bates	0	(4,000)	4,000	4,000	4,000					
DSG Services	Jay Mercer	7,431	7,628	(89)	(70)	(198)					
Children's Services Total including DSG		64,767	77,007	(11,965)	(12,385)	(12,240)					
DSG Funding (overspend to be carried forward)	Sara Tough	(7,435)	(12,507)	5,245	5,065	5,072					
<b>Children's Services (Non DSG) Total</b>		<b>57,331</b>	<b>64,500</b>	<b>(6,721)</b>	<b>(7,320)</b>	<b>(7,169)</b>					
<b>Adult &amp; Community Services Directorate</b>											
Adult Care Service User Related	Harry Capron	59,178	65,119	(3,309)	(5,602)	(5,941)					
Adult Care	Harry Capron	19,515	18,997	1,541	906	518					
Commissioning and Performance	Helen Coombes	36,568	36,207	41	187	362					
Early Help & Communities	Paul Leivers	8,405	8,354	22	21	51					
Director's Office	Helen Coombes	651	282	328	379	369					
<b>Adult &amp; Community Services total</b>		<b>124,317</b>	<b>128,959</b>	<b>(1,377)</b>	<b>(4,109)</b>	<b>(4,642)</b>					
<b>Environment and the Economy Directorate</b>											
Economy, Planning & Transport	Maxine Bodell	2,019	1,987	(24)	32	32					
Dorset Travel	Andy Shaw	15,741	16,115	(449)	(449)	(374)					
Business support Unit	Jan Hill	574	559	4	16	15					
Coast & Countryside	Phil Sterling	2,631	2,684	(68)	(72)	(52)					
Estates & Assets	Peter Scarlett	(1,582)	(1,279)	(192)	(198)	(302)					
Buildings & Construction	David Roe	95	(322)	455	455	417					
Pooled R&M	David Roe	78	78	0	0	0					
Network Management	Simon Gledhill	1,284	1,247	3	2	37					
Network Development	Tim Norman	715	715	6	5	(0)					
Network Operations	Martin Hill	4,159	4,145	13	13	14					
Fleet Services	Sean Adams	(32)	(53)	1	22	21					
Emergency Planning	Simon Parker	212	212	(3)	(3)	0					
Director's Office	Mike Harries	414	660	(248)	(247)	(246)					
Streetlighting PFI	Tim Norman	3,824	3,824	0	0	0					
ICT	Richard Pascoe	5,923	6,093	(85)	0	(170)					
<b>Environment and the Economy Directorate Total</b>		<b>36,054</b>	<b>36,664</b>	<b>(588)</b>	<b>(423)</b>	<b>(610)</b>					
<b>Chief Executives</b>											
Chief Executives Office	Debbie Ward	366	307	59	59	59					
Partnerships	Karen Andrews	245	259	(16)	(14)	(14)					
Communications	Karen Andrews	235	228	7	7	7					
Policy and Research	Karen Andrews	422	489	(49)	(44)	(66)					
Commercial Services	Karen Andrews	652	679	(26)	(26)	(26)					
Governance and Assurance	Mark Taylor	642	638	1	5	4					
Assistant Chief Executive		241	206	35	35	35					
Legal & Democratic Services	Jonathan Mair	2,004	2,111	(107)	(107)	(108)					
Financial Services	Richard Bates	(260)	(254)	(15)	(6)	(6)					
Human Resources	Sheralyn Huntingford	1,540	1,491	0	49	49					
Directorate Wide	Richard Bates	0	0	0	0	0					
Cabinet	Richard Bates	3,467	3,492	(45)	(30)	(25)					
<b>Chief Executives Total</b>		<b>9,554</b>	<b>9,645</b>	<b>(157)</b>	<b>(72)</b>	<b>(91)</b>					
<b>Partnerships</b>											
Dorset Waste Partnership	Karyn Punched	20,717	19,894	794	823	823					
RIEP		0	0								
Public Health	David Phillips	(2)	(1,377)	700	1,375	1,375					
<b>Partnerships Total</b>		<b>20,715</b>	<b>18,517</b>	<b>1,494</b>	<b>2,198</b>	<b>2,198</b>					
<b>Central Finance</b>											
General Funding	Richard Bates	(9,787)	(9,677)	(2)	0	(111)					
Capital Financing	Richard Bates	25,574	25,253	(96)	307	321					
R&M	Richard Bates	1,244	1,244	0	0	0					
Contingency	Richard Bates	(8,255)	(8,755)	0	500	500					
Precepts/Levy	Richard Bates	677	677	0	0	0					
Central Finance	Richard Bates	(264,860)	(264,860)	0	0	0					
<b>Central Finance Total</b>		<b>(255,407)</b>	<b>(256,118)</b>	<b>(97)</b>	<b>807</b>	<b>711</b>					
<b>Total Above Line Budgets</b>							<b>(0)</b>	<b>14,674</b>	<b>(12,691)</b>	<b>(13,983)</b>	<b>(14,674)</b>
<b>Excluding DSG Budgets</b>							<b>(7,435)</b>	<b>2,167</b>	<b>(7,446)</b>	<b>(8,918)</b>	<b>(9,602)</b>

## Appendix 2

Savings Measure	17/18	Forward Together RAG rating Green - Achieved Yellow - On course Amber - More work required	
<b>Adult &amp; Community Services</b>			
Fair Charges for Care Support · Application of equitable Fairer Charging Policy resulting in increased income	1,000,000	Amber	
Care and Support Reviews & Market Management · Reviewing care packages ensuring quality and best value can be demonstrated in line with Care Act. Improving purchasing and 'pooling budgets' with NHS to improve market management effectiveness	4,260,000	Amber	
Directorate Vacancy Factor · Application of a vacancy factor across all areas of the directorate	500,000	Amber	
Increased Chargeable Services & Improving Efficiency within Early Help & Community Services · Further income generation · Making use of additional marketing · Further refine non-pay budgets across all services	450,000	Amber	
Greater use of technology and telecare to support independence · Ensuring all available income to support living independently is focused on utilising technology inc telecare, community equipment and disabled facilities adaptations is used in a way that maximises efficiency and outcomes	400,000	Amber	
Modernisation of building based day services & Reduction ASC service delivery in non-eligible Care Act areas · Ensuring direct service delivery promotes independence and spend prioritises Care Act eligible Dorset residents	500,000	Amber	
	<b>7,110,000</b>		

Savings Measure	17/18	Forward Together RAG rating Green - Achieved Yellow - On course Amber - More work required	
<b>Chief Executives Department</b>			
Adjustment to VCSE funding	50,000	Green	
Cross Cutting Directorate Challenge	130,000	Green	
Management Changes in HR	50,000	Green	
Restructure of Financial Services	100,000	Green	
Cross Directorate Support Services Transformation	305,000	Green	
HR Process Reviews	92,000	Green	
HR Advisory Services	35,000	Green	
Membership of Members in Local Government Pension Scheme	56,000	Yellow	
Corporate Development - Reduction of posts within structure and vacancy management	50,000	Yellow	

Financial Services process Improvements	50,000	Yellow	
HR Learning and Organisational Development Review	100,000	Amber	
Review of Legal Services	50,000	Amber	
HR Process Reviews	8,000	Amber	
HR Advisory Services	35,000	Amber	
Review of Business Support Model (part transferred to HR)	21,000	Amber	
	<b>1,132,000</b>		

Savings Measure	17/18	Forward Together RAG rating Green - Achieved Yellow - On course Amber - More work required	
<b>Children's Services</b>	£		
Youth Savings - the full year effect of the successful implementation of the review in 2016/17.	250,000	Green	
Review of Care and Support - released efficiencies, full year effect of savings.	580,000	Green	
Review of contracts and grants.	271,000	Green	
The freezing of price inflation on all non staff budgets.	219,000	Green	
Review of vacancy factors and increase in line with experience and proactive management of vacancies.	697,000	Green	
In depth review of all budgets from a zero based approach, to rationalise and consolidate savings across the Directorate.	815,600	Green	
One off saving in relation to holding the AD for Prevention and Partnerships vacant and funding the interim arrangements via grant.	120,000	Green	
Increased Income from services that are already trading - full cost recovery.	308,000	Yellow	
Commissioning review of Children's Centres within the new Family Partnership Zones, in line with contract expiries.	250,000	Yellow	
Income from charging for services not previously charged for, such as charging schools for the work relating to academy conversions, expansion of the Education Psychology service in response to demand from schools, charging for non statutory elements of the school attendance service.	293,000	Amber	
Review of Directorate and associated support functions in light of the reductions in the Education Services Grant.	375,000	Amber	
	<b>4,178,600</b>		



Savings Measure	17/18	Forward Together RAG rating Green - Achieved Yellow - On course Amber - More work required
<b>Environment and Economy</b>	£	
Environment Planning and Transport service efficiencies	39,000	Yellow
Dorset Travel Operations - Holistic Transport phase 2	1,320,000	Amber
Coast and Countryside - Verges and Country Parks	50,000	Yellow
Technical Services - additional income	26,000	Yellow
County Buildings - staff car parking income	68,000	Green
R&M Delivery efficiencies	50,000	Yellow
Parking Services	70,000	Yellow
Construction Delivery	50,000	Green
ICT - Wide Area Network and Telephony	300,000	Amber
ICT - Customer Service Unit	140,000	Green
'Way We Work' - property savings	384,000	Amber
Business Support Unit - service efficiencies	91,000	Amber
Coast and Countryside - including review of Grounds Maintenance	145,000	Amber
County Buildings - including facilities management review	90,000	Amber
Regulation	80,000	Green
Emergency Planning	1,000	Green
Economy Services - restructures	226,000	Amber
Directorate vacancy factor	349,000	Amber
Winter Maintenance - revised strategy	232,000	Green
Highways and Fleet (parts) service review	136,000	Green
Property Asset Transfer to Joint Venture	92,000	Amber
ICT - Service Review	449,000	Amber
Estates and Assets - service efficiencies	36,000	Amber
Coast and Countryside - service efficiencies	49,000	Amber
	<b>4,473,000</b>	
<b>Total Transformation Savings</b>	<b>16,893,600</b>	

Not part of main DCC Transformation Programme -

Savings Measure	17/18	RAG rating Green - Achieved Yellow - On course Amber - More work required
<b>Dorset Waste Partnership</b>	£	
Savings agreed by the DWP Joint Committee (Dorset County Council share)	700,000	Green
<b>Public Health</b>		
Savings agreed by the Joint Public Health Board (Dorset County Council share)	700,000	Green
<b>Total Savings</b>	<b>18,293,600</b>	

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## Provisional budget and precept summary 2017/18

<b>Provisional Precept and Budget Summary 2017-18</b>		<b>£</b>	<b>£</b>		
Budget Requirement: -			264,131,013		
To be met from: -	Start-up Funding Assessment Council Taxpayers Estimated Surplus on Collection Funds		<b>43,584,292Cr</b>		
			220,546,721		
			<b>3,462,695Cr</b>		
	Precept required in 2017-18		<u>217,084,026</u>		
<b>PRECEPTS</b>					
<b>District Councils</b>	<b>Tax Base 2017-18</b>	<b>Estimated Surplus on Collection Funds 2016-17</b>	<b>Precept 2017-18</b>	<b>Tax Base 2016-17</b>	<b>Precept 2016-17</b>
		<b>£.p.</b>	<b>£.p.</b>		<b>£.p.</b>
CHRISTCHURCH	19,624.00	<b>331,581.00Cr</b>	26,038,496.88	19,528.00	24,679,095.84
EAST DORSET	37,043.00	<b>531,792.00Cr</b>	49,151,245.41	36,824.00	46,537,434.72
NORTH DORSET	25,910.10	<b>367,212.00Cr</b>	34,379,334.39	25,687.70	32,463,601.51
PURBECK	19,052.10	<b>435,857.93Cr</b>	25,279,659.93	18,656.44	23,577,635.74
WEST DORSET	41,255.60	<b>1,151,421.00Cr</b>	54,740,817.97	40,881.80	51,665,601.20
WEYMOUTH & PORTLAND	20,721.30	<b>644,831.00Cr</b>	27,494,471.33	20,567.90	25,993,300.66
	<u>163,606.10</u>	<u><b>3,462,694.93Cr</b></u>	<u>217,084,025.91</u>	<u>162,145.84</u>	<u>204,916,669.68</u>
<b>COUNCIL TAX</b>					
		<b>2017-18</b>		<b>2016-17</b>	
	<b>BASIC AMOUNT</b>	<b>1,326.87</b>		<b>£1,263.78</b>	
				<b>4.99% increase</b>	
BAND A		<b>884.58</b>		842.52	
BAND B		<b>1,032.01</b>		982.94	
BAND C		<b>1,179.44</b>		1,123.36	
BAND D		<b>1,326.87</b>		1,263.78	
BAND E		<b>1,621.73</b>		1,544.62	
BAND F		<b>1,916.59</b>		1,825.46	
BAND G		<b>2,211.45</b>		2,106.30	
BAND H		<b>2,653.74</b>		2,527.56	



# Cabinet

**Dorset County Council**



Date of Meeting	01 February 2017
<p><u>Cabinet Member</u> Robin Cook – Cabinet Member for Organisational Development and Transformation</p> <p><u>Local Members</u> All members</p> <p><u>Lead Officer(s)</u> Richard Bates – Chief Financial Officer</p>	
<b>Subject of Report</b>	<b>Asset Management Capital Priorities</b>
Executive Summary	<p>A report was brought to the December Cabinet and members agreed that it was necessary to reassess the programme given the financial position of the Council, and the forthcoming budget announcement from Government, to focus on the highest and immediate priorities. It was agreed that the capital priorities would be reported back to the Cabinet in the New Year alongside the revenue budget report.</p> <p>A request was also made for more information relating to the elements within the programme that depended on funding from the Council in order to access additional external funding from other sources.</p> <p>The report seeks to identify the priorities for capital spending over the next three years.</p> <p>Capital Bids for 2017/18</p> <p>In autumn 2014 members attended a seminar in respect of the draft Asset Management Plan 2015/18. Members ratified continuing with the capital investment priorities currently agreed whilst agreeing to increase the categories from two to four. In adhering to these principles, capital projects have now been given an indicative ranking based on the following categories, Priority 1: Statutory Obligations, Priority 2: Invest to Save, Priority 3: Maintenance and Infrastructure, Priority 4: Other Items.</p>

	<p>The projects listed in Appendix 2 represent all the new bids for capital funding submitted for consideration in this round. As can be seen the available resources after taking account of committed projects are insufficient to meet all the new bids. Under the agreed assessment process, all bids are divided by the Managing Our Assets Group (MOAG) into their priority groups – Statutory Obligations, Invest to Save, Maintenance and Infrastructure and Other Items. Some bids can be a combination of these priorities. The projects are then given an indicative ranking or deferred and detailed in Appendix 3, after taking into account the capital investment strategic goals, service needs and priorities as referred to in the Asset Management Plan (AMP). Members are invited to consider the bids and identify which bids are to be included in the capital programme.</p> <p>The strategic goals for capital investment and the corporate priorities are based on service needs which take into account consultation feedback with the community, property users and stakeholders at both corporate as well as service delivery level. The goals and priorities are revised periodically by elected members and incorporated into the Asset Management Plan.</p> <p>On pages 9 and 10 of the Asset Management Plan 2015-2018 the County Council’s approach to prioritising capital bids is explained. In particular, the factors that the Cabinet may wish to take into account in considering the Asset Management Group’s recommended priorities are set out in Appendix 5 of this report.</p> <p>The Capital Funding Policy</p> <p>The capital programme estimated gross spend for 2016/17 is in excess of £67M and £65M for 2017/18. The cost of financing this spend depends partly on how much is funded by grants and contributions. These currently stand at £50M for 2016/17 and £38M for 2017/18. The remaining spending is predominantly funded through prudential borrowing.</p>
<p>Impact Assessment:</p>	<p>Equalities Impact Assessment:</p> <p>The capital bid assessment process, strategic goals and corporate priorities are set out in the Asset Management Plan which is reviewed regularly, with an updated version being published on an annual basis. The most recent equalities impact assessment was undertaken on the Asset Management Plan and identified the need to ensure that the interests and needs of the six equality groups are addressed at service level as part of the service asset management planning process, including consultation with users.</p> <hr/> <p>Use of Evidence:</p> <p>The Asset Management Plan incorporating the capital investment</p>

	<p>strategy, makes use of the following sources of evidence:</p> <ul style="list-style-type: none"> <li>• The Budget and Corporate Plan</li> <li>• Medium Term Financial Strategy</li> <li>• Outcomes from a Members Seminar on 25 September 2014</li> <li>• Periodic public consultation at a corporate level via the Citizens' Panel</li> <li>• Ongoing consultation with partners, stakeholders, users and the community at service level</li> <li>• National property performance data and indicators</li> </ul> <p>Service asset management plans, including whole life costing and cost-in-use information.</p> <hr/> <p>Budget:</p> <p>The report provides an update on the County Council's capital budget position for 2017/18 and the following two years. A review was undertaken by officers and led to project budgets being reduced by a total of £4.75M over the MTFP period, see paragraph 2.3 for details.</p> <hr/> <p>Risk Assessment:</p> <p>Major risks that influence the development of the capital financing strategy include:</p> <ul style="list-style-type: none"> <li>• the level of capital grant funding, inflation rates, demographic and other pressures and income from the council tax;</li> <li>• success in delivering the savings anticipated from the reduction in the size of the property estate by 50% and the rationalisation of the remaining estate to reduce the property maintenance backlog and to better manage the 'core' longer-term portfolio;</li> <li>• the anticipated amount of capital receipts to be generated and included in the capital programme;</li> <li>• judgement of the appropriate amount for revenue contributions to the capital programme;</li> </ul> <p>Having considered the risks in this paper, using the County Council's approved risk management methodology, the level of risk has been identified as:          Current Risk: MEDIUM          Residual Risk: MEDIUM</p> <hr/> <p>Other Implications:</p> <p>None.</p>
<p>Recommendation</p>	<p>The Cabinet are asked to recommend to the County Council the bids to be included in the capital programme 2017/18 to 2019/20</p>
<p>Reason for Recommendation</p>	<p>The available resources after taking account of committed projects are insufficient to meet all the new bids in their entirety. It is therefore necessary for the Cabinet to confirm priorities for</p>

	inclusion in the capital programme.
Appendices	<p>Appendix 1 Capital Expenditure Estimates</p> <p>Appendix 2 Summary of New Capital Projects</p> <p>Appendix 3 Proposed New Capital Projects after MOAG</p> <p>Appendix 4 Outline of New Capital Projects</p> <p>Appendix 5 Capital investment strategy and assessment criteria</p>
Background Papers	<p>Asset Management Report – Cabinet, December 2016;</p> <p>Treasury Management Strategy Statement and Prudential Indicators for 2016/17 – Cabinet, February 2016;</p> <p>Asset Management Plan 2015/2018 – Cabinet, March 2015.</p>
Officer Contact	<p>Name: Richard Bates, Chief Financial Officer  Tel: (01305) 228548  Email: <a href="mailto:r.m.bates@dorsetcc.gov.uk">r.m.bates@dorsetcc.gov.uk</a></p> <p>Name: Peter Scarlett, Estates &amp; Assets Service Manager  Tel: (01305) 221940  Email: <a href="mailto:P.Scarlett@dorsetcc.gov.uk">P.Scarlett@dorsetcc.gov.uk</a></p> <p>Name: Tony Diaz, Senior Finance Manager  Tel: (01305) 224950  Email: <a href="mailto:t.diaz@dorsetcc.gov.uk">t.diaz@dorsetcc.gov.uk</a></p>



## **1. Background**

- 1.1 As there continues to be limited resources to address the capital bids, as set out in Appendix 2, it remains necessary for there to be clear corporate priorities for capital investment. The Managing Our Assets Group (MOAG) has assessed each bid shown in Appendix 3, by reference to the corporate priorities in accordance with the principles contained in the Asset Management Plan 2015/18, Appendix 5. The capital projects have been given an indicative ranking based on the following categories, Priority 1: Statutory Obligations, Priority 2: Invest to Save, Priority 3: Maintenance and Infrastructure, Priority 4: Other Items.
- 1.2 In accordance with normal practice, this year's capital funding bids have been examined by the Property Management Group, (PMG), from a technical viewpoint to ensure that the proposed schemes are sound and feasible. Once assessed the bids were examined by MOAG against the current corporate capital investment priorities as set out in the Asset Management Plan 2015/18, Appendix 5. These are drawn from directorate statements and analysis of property performance/condition data, with reference to the strategic goals for capital investment.
- 1.3 As can be seen in Appendix 3 the bids have been given an 'Indicative ranking' by the Managing Our Assets Group. Members are invited to consider the bids and identify which bids are to be included in the capital programme. Appendix 1 details the budget flexibility that is available for new bids until the end of 2019/20.
- 1.4 A report was brought to the December Cabinet and members agreed that it was necessary to reassess the programme given the financial position of the Council, and the forthcoming budget announcement from Government, to focus on the highest and immediate priorities. It was agreed that the capital priorities would be reported back to the Cabinet in the New Year.
- 1.5 A request was also made for more information relating to the elements within the programme that depended on funding from the Council in order to access additional external funding from other sources.

## **2 Financial Summary and Capital Control Totals**

- 2.1 The provisional settlement was announced by the Secretary of State for Communities and Local Government in December 2016. The majority of it was already known as Members had signed-up to the Government's four-year funding deal and we will continue to press our case around negative RSG in 2019/20.
- 2.2 In terms of capital funding the DfT have notified the County Council of its capital allocations and I can confirm that the Highways Maintenance Block Needs Formula, £12,364,000, and the Pothole Action Fund, £1,070,000, are in line with what we have budgeted. A new allocation, The National Productivity Investment Fund, £2,942,000, will be spent on improving local road networks, for example, highways and public transport networks to improve access to employment and housing, to develop economic and job creation opportunities. We are still awaiting confirmation of the LTP Integrated Transport budget. At present no further capital allocations from the other Government Departments have been made.
- 2.3 A review of the current capital programme has been undertaken by officers and summary of changes totalling in excess of £4.75M are detailed in the table overleaf.

Summary of changes	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Weymouth Relief Road		1,025	400	1,504	2,929
Other Projects	552	141			693
APT's	615	172	172	172	1,131
	1,167	1,338	572	1,676	4,753

- 2.4 It can be confirmed that there are no elements of any of the new bids which are dependent on funding from the Council and if unsuccessful would lead to a loss of external funds.
- 2.5 Following the Cabinet meeting on 14 December 2016 and to ensure delivery of the Springfield Road, Verwood Distributor Road Scheme alternative funding streams are being explored to contribute towards the cost of delivery. This includes the potential for Local Transport Plan (LTP) allocated funding in 2017/18 towards the 'Safer Routes to School' element of the scheme. There is no flexibility within the corporate capital budget to provide for any increase.
- 2.6 The approval of the revised capital control totals implies gross capital expenditure of £67.2M in 2016/17, £65.1M in 2017/18, £66.81M in 2018/19 and £50M in 2019/20. These control totals include utilisation of the budget flexibility. Provision for the revenue implications arising from the new projects, including capital financing and running costs, is included as a commitment in the Medium Term Financial Strategy (MTFS).
- 2.7 The revised control totals and anticipated commitments against them indicate that if the assumptions up to 2019/20 regarding new capital financing are included this would provide a maximum of £11.4M towards new projects and requests for additional Annual Provision Total (APT). It must be remembered this is a two year programme to ensure consistency with the revenue budget.

### **3 Capital Programme – Effects of the borrowing policy**

- 3.1 The capital programme estimated gross spend for 2016/17 is in excess of £67M and £65M for 2017/18.
- 3.2 The cost of financing this spend depends partly upon how much is funded by grants and other contributions. These stand at around £50.034M for 2016/17 and £38.279M for 2017/18. The remaining spending is predominantly funded through prudential borrowing.
- 3.3 The borrowing costs are twofold – firstly the interest payable on the loans, currently around 4%, which is payable once the loan is drawn down, often towards the end of the year. The other element is the Minimum Revenue Provision (MRP) which the Council is required to make a provision (charge to the revenue account) for the repayment of any borrowings it has each financial year, regardless of whether any actual debt is repaid.

- 3.4 The Department for Communities and Local Government, (CLG) requires that before the start of each financial year the County Council should prepare a statement of its policy on making such provisions known as the Minimum Revenue Provision (MRP) for that year. This will be presented to the Cabinet at today's meeting within the Treasury Management Strategy Statement and Prudential Indicators for 2017-18 report.
- 3.5 The County Council is required to calculate for the current financial year an amount for the MRP which it considers to be prudent. The broad aim of prudent provision is to ensure that the underlying borrowing need, as expressed by the Capital Financing Requirement (CFR), is repaid over a period reasonably commensurate with the life of the capital assets that the borrowing has financed. The statement should indicate which of the options for MRP are to be followed.
- 3.6 The Cabinet is recommended to note the current MRP Statement approved February 2016:
- For capital expenditure incurred before 1 April 2008 or which is Supported Capital Expenditure, the MRP policy will be based, as now, on the CFR.
- From 1 April 2008 for all unsupported borrowing, the MRP policy will be based on the Asset Life Method. MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must also be applied for any expenditure capitalised under a Capitalisation Directive).
- 3.7 As the Cabinet were informed previously, the capital programme would still be around £40M per annum, dependant on levels of grant funding by the government, but would require no additional borrowing. Effectively, this would be made up of approximately £10M LTP structural maintenance, £2.5M LTP integrated transport, £5M DfE Schools Capital, £7M Buildings structural maintenance, £3M APTs plus around £12.5M towards other capital schemes, assuming grants remain at around the current level.
- 3.8 This could be supplemented if the assumed grants were higher, additional grants were obtained, capital receipts generated above the level assumed and developer contributions obtained.

#### **4 New Projects**

- 4.1 The projects listed in Appendix 2 represent all the new projects submitted for consideration in this round. Under the agreed assessment process, all bids are then divided by the Managing Our Assets Group (MOAG) into their priority groups and then listed in an indicative ranking order or deferred after taking account of the County Council's capital priorities referred to in the Asset Management Plan 2015/18. These bids are detailed in Appendix 3. The corporate priorities are based on service needs which take into account consultation feedback with the community, property users and stakeholders at both corporate as well as service delivery level.
- 4.2 Members are asked to examine all the projects in order to establish priorities for inclusion in the capital programme 2017/18 to 2019/20. It is open to members to decide which projects should be included in the capital programme, subject to the overall level of resources available.
- 4.3 On pages 9 and 10 of the Asset Management Plan 2015/18 the County Council's approach to prioritising capital bids is explained. In particular, the factors that the

Cabinet may wish to take into account in considering MOAG's recommended priorities are detailed Appendix 5.

- 4.4 In November the Managing Our Assets Group, (MOAG), considered capital bids submitted for 2017/18 and beyond, which required funding in excess of £21M, Appendix 2. MOAG also agreed that there was a need to be consistent with the revenue budget and to agree allocations for both 2017/18 and 2018/19. On review of these bids against the priorities set down in the Asset Management Plan, MOAG proposed that funding of bids relating to on-going programmes should only be allocated for 2017/18 and 2018/19, and that funding for future years should be deferred, as there are currently insufficient funds available.
- 4.5 The Children's Services bids included a bid for School Access Initiative funds in 2018/19 and MOAG noted that allocations in previous years had already been set aside. MOAG also agreed that due to insufficient funds being available both the 2017/18 and 2018/19 Basic Need bid be agreed but reduced by £500K for each year.
- 4.6 In terms of the Additional Funding for Carriageway Maintenance and the Replacement of Traffic control assets bids for the Environment Directorate totalling £9.9M in total over 4 years an initial allocation of £2M was made over the first two years but following concerns over the impact of the reduction in ICT funding and the positive roads funding announcement this has been reduced slightly to £1.8M. It is recognised that due to insufficient funding being available this will put further pressure on the revenue budget and the highway maintenance backlog may increase.
- 4.7 Last year the Information Strategy Group submitted a bid of £750K in both 2017/18, (subsequently increased to £1M), and 2018/19 which were deferred for consideration at a later date given the pressure on the capital budget. Due to insufficient funds it has only been possible to recommend an allocation of £1M over the two years which has now been increased to £1.2M.
- 4.8 Appendix 3 also details three ring fenced schemes that MOAG agreed were all property related with similar aims. MOAG felt that these three schemes all contributed to the Way We Work savings target and should be agreed and financed from the capital receipts they generated.
- 4.9 As can be seen in Appendix 3 the proposal put forward by MOAG totals £11.4M for the period 2016/17 to 2019/20. It should be noted that the funds available place a large reliance on capital receipts especially the ring-fenced property schemes.
- 4.10 It should also be noted that there are also potential but diminishing risks arising from specific large projects which are not as yet addressed in the proposed capital programme. It is felt prudent to continue to retain some funds for these risk items.

## **5 Conclusion**

- 5.1 As referred to in paragraph 2.7 and Appendix 1, if the assumptions for 2019/20 regarding new capital financing are included, the provisional control totals and anticipated commitments indicate that there would be £11.4M available towards new projects. It must be remembered that if this is all allocated this year there would be no new money available in the forthcoming two years. It is therefore imperative that as much flexibility as possible is retained for 2018/19 and 2019/20 to deal with any new issues that may occur.

- 5.2 The Cabinet is invited to set the final control totals as detailed in Appendix 1 and approve the projects for inclusion in the capital programme for 2017/18 to 2019/20.

**Richard Bates,**  
**Chief Financial Officer**  
January 2017

## Appendix 1

## DCC CAPITAL PROGRAMME 2016-17 to 2019/20 : EXPENDITURE ESTIMATES (GROSS)

DIRECTORATE	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
ENVIRONMENT	41,386	30,123	14,296	13,690
CHILDRENS	23,614	17,590	10,405	2,124
ADULT & COMMUNITY	693	2,980	4,633	395
CABINET / WHOLE AUTHORITY	13,912	5,946	2,854	1,893
DORSET WASTE PARTNERSHIP	5,614	2,682	3,856	4,657
CAPITAL FLEET REPLACEMENTS	2,294	1,360	950	683
CAPITAL R & M	4,740	5,767	5,967	5,967
Slippage	(40,000)	0	20,000	20,000
<b>TOTAL</b>	<b>52,253</b>	<b>66,448</b>	<b>62,961</b>	<b>49,409</b>
Contingency re Risk Items (Overcommitted) / Remaining flexibility (to meet target)	2,499 2,400	0 6,000	0 3,000	0 0
<b>Gross Predicted Capital Spend</b>	<b>57,152</b>	<b>72,448</b>	<b>65,961</b>	<b>49,409</b>
Grants / Contributions	(41,872)	(26,723)	(23,252)	(15,115)
Capital Receipts	0	(3,000)	(4,000)	(1,000)
Vehicle Sales	(200)	(200)	(200)	(200)
RCCO	(4,076)	(5,126)	(5,326)	(5,326)
DWP Contributions	(5,614)	(2,682)	(3,856)	(4,657)
<b>Additional Capital Financing Requirement</b>	<b>5,390</b>	<b>34,717</b>	<b>29,327</b>	<b>23,111</b>
Borrowing Brought Forward	184,311	192,670	217,134	235,958
MRP	(10,003)	(10,253)	(10,503)	(10,753)
UNDER BORROWING B/FWD	102,972	90,000	90,000	90,000
UNDER BORROWING C/FWD	(90,000)	(90,000)	(90,000)	(90,000)
<b>BORROWING REQUIREMENT</b>	<b>192,670</b>	<b>217,134</b>	<b>235,958</b>	<b>248,316</b>
<b>ADDITIONAL BORROWING REQUIRED</b>	<b>8,359</b>	<b>24,464</b>	<b>18,824</b>	<b>12,358</b>
Underlying Borrowing Requirement B/FWD	287,283	282,670	307,134	325,958
Underlying Borrowing Requirement C/FWD	282,670	307,134	325,958	338,316
MRP	10,003	10,253	10,503	10,753
INTEREST	7,097	7,925	8,996	9,619
	17,100	18,178	19,499	20,372
<b>Control Sheet</b>	<b>17,961</b>	<b>18,561</b>	<b>18,561</b>	<b>18,561</b>
<b>Additional budget requirement (RAM)</b>	<b>(861)</b>	<b>(383)</b>	<b>938</b>	<b>1,811</b>
Target				
Ave Interest Rate	3.8%	3.9%	4.0%	4.0%

## Appendix 2

**CAPITAL PROJECTS**  
**SUMMARY OF NEW CAPITAL PROJECT BIDS AS AT DECEMBER 2016**  
**ORIGINAL PROPOSED NEW BIDS**

	Total Payments £'000	Estimated Payments					After 2019-2020 £'000
		Before 2016-2017 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	
<b><u>For start in 2017-2018 &amp; later</u></b>							
<b>Children's Services</b>							
School's Basic Need Programme	9,000			4,500	4,500		
School Access Initiative (SAI)	400					400	
<b>Cabinet/Whole Authority</b>							
County Wide Office Reconfiguration	2,893		720	1,500	673		
Capital Receipts	-4,593		-2,050	-650	-1,893		
County Hall Masterplan - Year 3	500			500			
Community Offer for Living and Learning	2,700			1,700	1,000		
Capital Receipts	-1,500				-1,500		
<b>Environment</b>							
Investment in Maintaining Carriageway Condition	5,900			5,900			
Replacement of Traffic Control Assets	4,000			1,000	1,000	1,000	1,000
<b>Audit &amp; Scrutiny Committee</b>							
ICT project portfolio	1,750			1,000	750		
<b>Total 2016-2017 Starts &amp; later</b>	21,050	0	-1,330	15,450	4,930	1,000	1,000
<b>Resources available 2016-17 to 2019-2020</b>	11,400	0	2,400	6,000	3,000	0	0

## REVISED SCHEMES MOAG PROPOSED TO PROCEED

**CAPITAL PROJECTS**  
**SUMMARY OF NEW CAPITAL PROJECT BIDS AS AT DECEMBER 2016**  
**REVISED PROPOSED NEW BIDS**

Interpretation of Asset Management Plan ranking				←----- Estimated Payments ----->					After 2019-2020 £'000		
				Total Payments £'000	Before 2016-2017 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000		2019-20 £'000	
1 %	2 %	3 %	4 %								
<b>For start in 2017-2018 &amp; later</b>											
<b>Children's Services</b>											
100				School's Basic Need Programme	8,000			4,000	4,000		
<b>Children's Services</b>											
100				School Access Initiative (SAI)	400				400		
<b>Environment</b>											
100				Replacement of Traffic Control Assets	500			250	250		
<b>Audit &amp; Scrutiny Committee</b>											
33	67			ICT project portfolio	1,200			500	700		
<b>Environment</b>											
33	33	33		Investment in Maintaining Carriageway Condition	1,300			750	550		
<b>Total 2017-2018 Starts &amp; later</b>					11,400	0	0	5,500	5,900	0	0
<b>Ringfenced</b>											
<b>Cabinet/Whole Authority</b>											
100				County Wide Office Reconfiguration	2,893		720	1,500	673		
				Capital Receipts	-4,593		-720	-2,000	-1,873		
<b>Cabinet/Whole Authority</b>											
100				County Hall Masterplan - Year 3	500			500			
<b>Cabinet/Whole Authority</b>											
100				Community Offer for Living and Learning	2,700			1,700	1,000		
				Capital Receipts	-1,500				-1,500		
<b>Total 2016-2017 Starts &amp; later</b>					0	0	0	1,700	-1,700	0	0
<b>Resources available 2016-17 to 2019-2020</b>					11,400	0	2,400	6,000	3,000	0	0



## Summary of New Capital Project Bids December 2016

### Children's Services School's Basic Need Programme

Funding is required to meet the statutory requirements placed on the Local Authority to meet the 'Basic Need' of provision of sufficient school places. Pupil numbers in Dorset are continuing to rise. The pattern is not even – rural areas continue to decline but urban areas are already experiencing significant increases. The rate of growth continues to be higher than anything previously experienced and reflects national trend. Large increases in population are forecast; especially in the major towns (any difficulties in providing places in the neighbouring authorities may also exacerbate the situation).

It is the responsibility of the local authority to ensure that there are sufficient school places - any shortfall is referred to as 'basic need'. In January 2016 it was reported that Dorset had 28,506 primary aged pupils, up from 26,530 in January 2011. This number is expected to rise by a further 1296 by 2026. Over this period of time this increase is the equivalent of a further 6 new 1FE primary schools. Figures available now also indicate that there will be a further increase 11-18 year olds also looking for education provision from 20,756 in January 2016 to 23,615 in 2016. These figures do not take account of any new housing proposals or fully reflect the increased inward migration.

### Government Funding

The central government funding provided to support Basic Need provision, whilst significant, is not sufficient to cover the extensive programme that is required.

2015-2016 Main 'Basic Need' allocation £7,068,000  
2016-2017 Main 'Basic Need' allocation £7,421,000  
2017-2018 Main 'Basic Need' allocation £612,000  
2018-2019 Main 'Basic Need' allocation £2,312,000  
Total EFA Funding Allocation to date £17,413,000

### County Council funding

The allocations received from central government have been supplemented by additional capital funding from the County Council, with £13m being allocated to support this provision over recent years. However, as with the central government funding this is not sufficient to cover the extensive programme that is required.

All LA's are continuing to experience great difficulty in providing the number of places at the required rate and the government funding falls far short of the requirements. Children's Services have continued to suspend all other major capital works (except committed projects and legal obligations i.e. urgent health and safety and SAI works) in order to focus all major capital on this key issue.

Where possible every effort is made to try to use existing surplus accommodation (reclaiming accommodation in use by others), expand existing schools (to keep costs as low as possible) and until now to minimise the number of 'new schools'. Over the next 4 years of the programme (2017-2021) projects to the initial estimated cost of £99m have been identified as being required to meet this need in the primary and middle school sectors only at this stage. A number of these projects may be delivered as new schools with the Education Funding Agency (EFA) meeting the costs as new 'Free Schools', although at this stage that cannot be guaranteed due to timescales and bidding rounds for funding. Should this route be an option available to support this provision then this could reduce this estimated cost by some £46m.

There will be funding through Section 106 contributions and CIL provision (eg £3m towards education infrastructure in Wimborne), and we do seek to claim approximately £5k per property from any major new development where improvements to provision are necessary as a consequence of the development. Current expected contributions through this route could total £44m, however, this figure is heavily caveated in that it assumes the planned levels of development occur and requires the development to only contribute to the specific impact of the development on the provision of school places. Unfortunately, in the majority of cases the trigger point for contributions are after the need to develop a school has arisen so projects have to be funded up front prior to the contributions being due or paid. We remain hopeful that future allocations from DfE will continue to assist with this programme, whilst it remains the LA's responsibility to fund Basic Need provision, certainly at existing Schools/Academies. It should also be noted that in order to keep up with the expected programme of need, we do need to continue to progress development of the identified projects and due to critical timescales for completion of some there could be a need for works to begin at a particular time and so we would need to ensure sufficient funding is available to support them at the appropriate time. It remains a problem that with insufficient funding in place, it is difficult to confirm a programme and with the implications of Core Strategies/Local Plans this will impact on the decisions taken. This work is the major focus of the Children's Services capital programme for the foreseeable future (excepting urgent Health & Safety and SAI works).

Therefore in conclusion there is a significant risk that there will be insufficient school places in Dorset as the growth in pupil numbers impacts on schools. The MSP (Basic Need) budget is fully committed at present, and with a number of large projects which will be in excess of current funding provision either about to come out of feasibility or move into the feasibility stage. There is presently insufficient funding available to provide for the identified basic need requirements over the next four years. There is no certainty as to how much housing will be provided, or how quickly, in order to accurately predict developer contributions, or the further impact on basic need of inward migration and from housing growth.

### **Children's Services Schools Access Initiative (SAI)**

In accordance with the Equality Act 2010 children with specific needs are integrated within mainstream schools wherever possible, with adjustment to accommodation made as far as is reasonably practical. In addition, more children with medical needs are being placed both within mainstream and special education provision, often needing adaptations to buildings to enable their successful inclusion within the school. In 2016/17 SAI funding supported 17 projects costing over £2500 in maintained schools, committing £424,000 so far this year for works to enable the inclusion of children with hearing impairments, visual impairments, physical disabilities and medical needs. It is anticipated that these needs will continue and that the demand will increase as children with more complex conditions are admitted into both mainstream and special schools. We need to be in a position to be able to respond to these needs in providing appropriate accommodation that will not disadvantage children with disabilities.

**Cabinet/Whole Authority  
County Wide Office Reconfiguration**

The project entails the rationalisation of the office estate, retaining just eight office buildings in 7 towns (two offices are required in Ferndown to accommodate the demand for accommodation in the east of the county) and disposing of the residue. Overall (including those buildings in Dorchester already earmarked for disposal under the County Hall masterplan business case) the County Council will generate revenue savings of £970,000 per annum from the office estate and will generate capital receipts in the order of £6,000,000.

This business case for the Countywide Office reconfiguration specifically requested an investment of £2,893,000 of capital and £105,000 of revenue, which will enable the County Council to generate capital receipts of £4,562,000 and revenue savings of £409,250. The business case was approved by the Way We Work Programme Board on 22nd June 2016, including the principle of re-investing up to 75% of the capital generated from the disposal of existing office accommodation that would be freed up as part of this programme (which has been ratified by the Cabinet).

This bid is an invest to save bid, and so whilst it doesn't directly impact on the delivery of the four corporate outcomes, this investment will enable the authority to save £409,250 per annum in support costs which can be channelled into the delivery of front line services. Furthermore, the adaptation of the office space will improve working conditions in Local Offices and assist with staff retention and morale.

The business case for this programme was considered and ratified by the Way We Work Board on 22nd June. The minute records that the Programme Board agreed to support the Way We Work Property Programme Business Case.

As a consequence the programme has commenced and work started in the Weymouth Local Office in October. The funding for these works will be financed from the sale of surplus office accommodation as approved by Cabinet under resolution 40.1 of the meeting of 2nd February 2015 and this bid is not seeking any further allocation of funds from the capital bidding process. The bid is tabled for transparency purposes.

**Cabinet/Whole Authority  
County Hall Masterplan - The Workspaces Project (Year 3)**

In June 2014 a vision for the future of the Colliton Park Campus was presented to CLT. This identified three distinct workstreams to improve the main building and the campus:

The Colliton Park Campus Project  
The Front of House Project  
The Workspaces Project

The business case set out the rationale for undertaking the Workspaces Project, which entailed the refurbishment of all the offices and common areas within County Hall. It identified the anticipated costs and the projected savings. It demonstrated that by improving the office accommodation and diversifying the workspace areas at least an additional 475 staff could be accommodated within County Hall and the working environment for staff would be greatly improved. Furthermore, this project would act as an enabler for the adoption of flexible working across the whole authority, adopting the principle of 'our space not my space'. This would lead to a significant reduction in the overall amount of office space that the authority occupies with the aim to generate revenue savings across the whole estate of £3.2m per annum.

To date a sum of £1.5m (£1.0m in 2015/16 and £0.5 in 2016/17) has been allocated to this programme which has enabled work to be undertaken to adapt N3w, E3, E3w, S3 and the rotunda on Level 3. In addition, works to open out the rotundas on L4 and 5 are also committed within that budget. Furthermore, the programme has been able to undertake rapid transformation of the whole of Level 4, W3 and E5 and a 'rapid transformation plus' of West Court. So, whilst the original bid estimated that the works

would cost approximately £3.0m, the programme has been substantially delivered for half that amount.

The original masterplan was to refurbish the office accommodation on Levels 3, 4 & 5 of County Hall. Since the masterplan was written the County Council's strategy for office accommodation has changed and it is now seeking to centralise more staff in County Hall, supported by an updated car parking strategy and flexible working. It was therefore resolved at the WWW Programme Board in June that the programme should undertake the refurbishment of Level 2 (including the rotunda) since there are no plans to move the staff based there to any alternative accommodation. The Board felt that it was important that all County Council staff should occupy similar accommodation, adapted on WWW principles. Once the countywide office reconfiguration has been completed, Level 2 of County Hall would be the only accommodation earmarked for long term staff occupancy that wouldn't have been adapted. This bid is therefore to fund the adaptation of Level 2 of County Hall. This will provide additional staff capacity by opening out certain areas. It is also proposed that it will create further informal and formal meeting space, including a large meeting area that can act as a board room. These additional meeting spaces are key if we are to increase occupancy of County Hall, since at present the lack of meeting spaces is the single most limiting factor to the better utilisation of the office space. The financial case for undertaking these works is based upon the fact that by improving the accommodation in County Hall, the authority will be able to accommodate significantly more staff within the building. This will free up several buildings that the authority leases in Dorchester and would generate a revenue saving of in excess of £500,000 per annum by 2021.

In addition, it would improve the condition of County Hall and save on repairs and maintenance costs. Also, the energy reduction measures would improve the energy efficiency of the building, leading to a reduction in annual running costs. The financial case presents a powerful argument for improving the infrastructure of the building. However, there is an additional, intangible strategic case which is based upon the premise that the County Council needs to change the way that it occupies its accommodation and to occupy it far more efficiently, not just in County Hall, but across the County. These works will enable the County Council to halve the amount of office accommodation that it occupies, to truly embrace flexible working and to reduce the cost of its office estate by £1.0m per annum.

### **Cabinet/Whole Authority Community Offer for Living and Learning**

The Community Offer for Living and Learning will review and reshape how and where we provide services in communities. This includes communities accessing services such as Children's Centre and Libraries, and more specialist services such as Day Care Services. Where services will continue to be accessed in communities they should reflect the needs and aspirations of the local community and could include:

- A place where face to face services are accessed – by or on the behalf of councils, government or health organisations.
- A place where services can be better located together to improve the people's experience
- A place where residents can be helped to access services, benefits and support online
- A place where volunteer groups and small business start-ups can deliver services
- A place to meet and socialise

We are supporting the development of joint strategic property outcomes for Dorset, to ensure our services, by working together, have the best opportunities to deliver themselves out of efficient properties, efficient in property terms i.e. low maintenance but also efficiently placed to allow citizens to access them.

Over the next 5 years, we are hoping to deliver up to 16 Living and Learning Centres across the county. These will be delivered with a range of partners including districts and boroughs, town and parishes, Health, Department of Work and Pensions, the Citizens Advice Bureau and Job Centre Plus, and the voluntary and community sector. The Way

We Work Property Programme's aim has always been to raise capital receipts and reinvest (ring fencing capital receipts up to the value of 75%) what is necessary to achieve its objectives without needing to rely on pump priming funds. However, for the type of service outlets within scope of the L&L programme, this is not possible. For these service outlets we need to redesign the new spaces for the services to use before we can see the release of the existing assets.

It should be noted that Finance and HR are currently progressing a financial forecast for the emerging business model for L&L. This will take in to account the potential revenue savings from property, services and HR. The L&L working group are also developing the assets and service delivery plan which will provide a better projection of the full potential of the programme.

The property element of this programme is focussed on making best use of existing buildings, using ours or our partners assets, regardless of who owns them. The programme does not envisage extensive new capital builds therefore, we are seeking funding to reconfigure existing buildings to enable them to be adapted to become multifunctional so that a multitude of integrated services can be delivered from them.

Cabinet have agreed to the development of five pilot areas (Beaminster, Blandford, Weymouth, Portland, and Ferndown). By spring 2017 we aim to have a detailed service specification, property solution and outline costings (subject to consultation) for each of these areas. To achieve this, we are working with key stakeholders for each location, this is already underway in Blandford, Beaminster and Ferndown and the other pilot areas are programmed for the coming months.

Early indications from these meetings suggests the L&L offer could be provided from a single core building in each location. To ensure the development of the best building in the most accessible location, a feasibility and business case will be prepared and presented for approval before any alternations are commissioned.

The Way We Work Property Programme has a revenue savings target of £3.2 million by 2020, (some of these savings have been achieved from Countywide Office Reconfiguration Programme). To achieve additional savings we know we need to implement the changes arising from the L&L offer quickly. We expect alteration works to commence in the pilot areas during 2017/2018. Therefore we are applying for capital funding in 2017/2018, before the presentation of supporting business cases for all areas, as we are not in a position to wait until financial year 2018/2019 to begin moving forward with the delivery of the offer. It should also be noted that this programme will also produce Service delivery savings. All business cases will need to be signed off by the S151 officer and respective cabinet member before funds are committed.

The programme, as it moves into the delivery phase, will yield up capital receipts from surplus properties and these in turn may help to support further capital costs for property alterations. However, this cannot happen before spaces are adapted to allow services to move into a reduced number of service outlets.

The Way We Work Property Programme has a revenue savings target of £3.2 million by 2020, (some of these savings have been achieved from Countywide Office Reconfiguration Programme). To achieve additional savings we know we need to implement the changes arising from the L&L offer quickly. We expect alteration works to commence in the pilot areas during 2017/2018. Therefore we are applying for capital funding in 2017/2018, before the presentation of supporting business cases for all areas, as we are not in a position to wait until financial year 2018/2019 to begin moving forward with the delivery of the offer. It should also be noted that this programme will also produce Service delivery savings. All business cases will need to be signed off by the S151 officer and respective cabinet member before funds are committed.

The programme, as it moves into the delivery phase, will yield up capital receipts from surplus properties and these in turn may help to support further capital costs for property alterations. However, this cannot happen before spaces are adapted to allow services to move into a reduced number of service outlets.

## **Environment**

### **Investment in Maintaining Carriageway Condition**

This project is intended to bridge the gap between the investment required to maintain current condition of the carriageway network, and that currently invested through Department for Transport (DfT) maintenance block funding (inclusive of the incentivised element and the additional pothole funds).

The HMEP Lifecycle Planning Toolkit indicates that approximately £16million annual investment is required to maintain the current condition of the carriageway network. Current anticipated annual investment for 2017/18 into the carriageway asset is £10.1million, leaving a shortfall of £5.9million.

This investment is required to support the four main highway strategies, which are aligned to the Corporate Objectives :

- Meeting our statutory requirement to maintain the highway
- Optimising highway safety
- Maximising opportunities for early life interventions / optimising asset life
- Promoting the economy through maintaining the condition of strategic routes and links to businesses and communities.

Carriageway condition remains the most important part of the Highways service, and the most in need of improvement, as identified through the 2015 NHT survey. The Corporate 'Ask Dorset' exercise also identified carriageway condition as one of the most important elements of the service Dorset County Council provides.

Through investing in carriageways, to bridge the gap between current investment, and that required to maintain current condition, this will support current strategies linked to the corporate objectives and to reduce the burden on the reducing revenue budget.

This will also demonstrate a support to current strategies in the Highways Asset Management Plan (HAMP), providing good evidence in our case for band 3 status in the DfT's Self Assessment questionnaire, that links to the incentivised element of our funding.

The Government's Road Investment Strategy shows that for every £1 spent on projects identified, the return for the government is £4 in the long term, demonstrating the clear link between investing in the nation's roads and economic growth.

## **Environment**

### **Capital Funding for Replacement of Traffic Control Assets**

There are around 540 Traffic Control Assets across the County which includes Signals, Variable Message Signs, Puffin, Toucan and Zebra crossings

The average expected asset life cycle for a Traffic Control installation is 15 years.

Last year an investigation of our existing traffic control asset (241 Sites) identified that 68% of Dorset County Council's stock is now beyond this expected asset life, albeit in various stages of deterioration, and is in need of continual significant investment in order to replace this equipment.

Approximately £200,000 is spent on signal replacement each year funded from the Integrated Transport Local Transport Plan Fund (IT LTP). This equates to around 10% of the IT Block funding. The remaining IT block funds Road safety Schemes, Highway Improvements including new footways and cycleways, Rights of Way and Sustainable transport schemes.

An additional investment of £4 Million over 4 years (£1 Million/year) was requested to enable the highest priority/worst condition locations to be included in the replacement programme, £325,000 of funding was made available which has enabled us to address two of the key sites identified in last year's proposal.

Without this continued level of additional investment, Dorset County Council will be exposed to a significant amount of risk and possible legal action should there be an accident or asset failure

**Audit & Scrutiny Committee**  
**ICT project portfolio**

The capital programme has provided an average of £1m per annum in recent years to support the commissioning of small to medium ICT schemes to maintain the ICT infrastructure or provide enabling technology to support business change. The last allocation, of £1m, was made available in 2016-17. In addition, large ICT schemes seek direct allocations from the capital programme (for example, the implementation of the new social care case management system).

The financial pressure to maintain and improve service levels and outcomes, whilst balancing the budget, requires transformational change in all parts of the council. Very many of these changes are to a greater or lesser extent enabled by technology.

For example, as part of the change programme in Adult & Community Services a significant number of anticipated new ICT requirements (small to large) have been identified to support the transformation of the directorate's public services. In addition there is work already identified by the Adult & Community Services Directorate to develop an Adult Services business intelligence dashboard, work to develop the tools to mobilise the workforce by making application functionality available on mobile devices away from the office, and work already in progress to develop the integrated Dorset Care Record and procure a new contract for the Adult Care system plus a number of other smaller schemes.

The same reliance on technology will underpin change efforts across the whole council. It is no longer an effective strategy to deliberately delay investment in upgrading and maintaining the ICT infrastructure to reduce overall costs over time – a new stance is needed to keep pace with the changing organisation as we seek to employ new operating models, requiring the integration of systems and data, and to take advantage of emerging technology solutions in a more agile way. We need to maintain investment in ensuring that the ICT infrastructure is at current (or near current) versions to avoid the technology becoming a blocker to changing the way we work.

The Information & Digital Transformation Group (IDTG, name to be confirmed) replaces the Information Strategy Group following the recent review of corporate working groups. It is proposed that a Head of Service representing an area of the business chairs the group, with other Heads of Service covering other business areas and relevant support services). This group has prioritised a range of emerging ICT schemes supporting business change or infrastructure maintenance bids

## Our Capital Investment Strategy

The capital investment strategy is designed to deliver the outcomes set out in the County Council's corporate plan and asset management plans. It defines the authority's priorities for the allocation of its capital. These should enable the authority to enhance its assets and ensure that they are fit for purpose to support the delivery of services in line with the four outcomes to help residents be safe, independent and healthy, with an economy that is prosperous.

The Forward Together programme is key to the strategy, along with partnership working. Consultation with members and stakeholders has led to the priorities being divided into four categories, with a set of further criteria to assess each capital investment bid. It is the role of the Property Management Group to apply the criteria accordingly.

The County Council's strategic capital investment priorities are:

### **How the priorities are ranked**

The priorities have been ranked in the following order:

#### **Priority 1: Statutory Obligations**

- to meet mandatory legal requirements e.g. health and safety, fire prevention, disabled access, road safety and public health needs
- to keep core assets in use, provide sufficient school places and maintain essential business continuity

#### **Priority 2: Invest to Save**

- to meet identified financial targets and achieve revenue savings as set out in the medium term financial strategy
- to reduce running costs and/or the need for replacement assets
- to generate net income
- to optimise the availability and application of external funding (including developer contributions)
- to achieve savings through co-location and joint shared use

#### **Priority 3: Maintenance and Infrastructure**

- Roads – to provide an efficient and safe road network through the delivery of the planned and reactive maintenance programmes in accordance with agreed performance measures
- Buildings – specifically to eliminate the backlog of priority work (i.e. in condition categories C and D as defined)



#### **Priority 4: Other items**

- All other bids that do not fall into one of the priorities above

#### **The assessment criteria**

The assessment criteria to be applied are not listed in any order of priority, they are to be considered in the round to achieve a balance between:

**the imperative of capital investment priorities, to deliver the four key outcomes**

v

**the attractiveness in respect of the return on the investment or value for money**

The role of the Property Management Group is to consider all the capital bids and attach an Indicative Ranking to each bid.

The criteria we use is as follows:

- Affordability and in particular the return from the investment in terms of revenue savings and/or capital receipts – the target being to exceed 9% return
- New assets should be multi-use and fit for purpose
- The degree that every new/refurbished asset incorporates sharing with other public/third sector partners
- Value for money – including the extent of ‘gearing’ i.e. the ratio of any external/partnership funding to County Council funding
- Investments which promote economic growth within the County should be supported acknowledging that the payback period may be longer, if there is alignment with Dorset LEP’s objectives
- Any risks relating to the delivery of the project
- The availability of resources and the potential scope for repurposing
- Other directorate or service spending requirements
- The extent to which the recommendations are consistent with the capital investment priorities set down by members
- The environmental impact of the spending being consistent with the authority’s corporate sustainability commitments



# Cabinet

## Dorset County Council



Date of Meeting	1 February 2017
<p><u>Cabinet Member</u> Robert Gould – Leader of the Council</p> <p><u>Lead Officer</u> Richard Bates – Chief Financial Officer</p>	
<b>Subject of Report</b>	<b>Treasury Management Strategy Statement and Prudential Indicators for 2017-18</b>
Executive Summary	<p>The CIPFA Prudential Code highlights particular aspects of the planning of capital expenditure and the funding of that expenditure. The Code requires the publication and monitoring of Prudential Indicators which inform Members of the scope and impact of the capital spend. In addition, there are separate requirements under the CIPFA Treasury Management Code to publish a Treasury Management Strategy. This report sets out the issues for consideration and seeks agreement to the required indicators and strategies.</p>
Impact Assessment:	<p>Equalities Impact Assessment: There are no equality issues that arise from this report.</p>
	<p>Use of Evidence: Historical trends and experiences along with professional advice and recommended best practices have been followed in the development of this strategy and the formulation of the Prudential Indicators.</p>
	<p>Budget: All treasury management budget implications are reported as part of the Corporate Budget.</p>
	<p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the</p>

	<p>County Council's approved risk management methodology, the level of risk has been identified as:                  Current Risk: HIGH                  Residual Risk MEDIUM</p> <p>Treasury management is an inherently risky area of activity. This report describes those risks and the controls in place to mitigate those risks.</p>
	<p>Other Implications: None.</p>
<p>Recommendation</p>	<p>The Cabinet recommends to the County Council approval of:</p> <ol style="list-style-type: none"> <li>1. The Prudential Indicators and Limits for 2017/18 to 2019/20.</li> <li>2. The Minimum Revenue Provision (MRP) Statement.</li> <li>3. The Treasury Management Strategy.</li> <li>4. The Investment Strategy.</li> <li>5. Delegation to the Chief Financial Officer to determine the most appropriate means of funding the Capital Programme.</li> </ol>
<p>Reason for Recommendation</p>	<p>The Prudential Code gives a framework under which the Council's capital finance decisions are carried out. It requires the Council to demonstrate that its capital expenditure plans are affordable, external borrowing is within prudent and sustainable levels and treasury management decisions are taken in accordance with professional good practice. Adherence to the Prudential Code is mandatory as set out in the Local Government Act 2003.</p> <p>This report recommends the indicators to be applied by the Council for the financial years 2017/18 to 2019/20. The successful implementation of the code will assist in our objective of developing 'public services fit for the future'.</p>
<p>Appendices</p>	<ol style="list-style-type: none"> <li>1. Treasury Management Investment Policy and Annexes</li> <li>2. Schedule of Delegations</li> </ol>
<p>Background Papers</p>	<p>CIPFA Treasury Management Code of Practice                  Local Government Finance Settlement 2017/18                  CIPFA Prudential Code for Capital Finance in Local Authorities</p>
<p>Officer Contact</p>	<p>Name: David Wilkes, Finance Manager (Treasury &amp; Investments)                  Tel: 01305 224119                  Email: <a href="mailto:D.Wilkes@dorsetcc.gov.uk">D.Wilkes@dorsetcc.gov.uk</a></p>

## 1. Background

- 1.1. The Treasury Management function of the Council manages the cashflow, banking, money market transactions and long term debts, and in doing so manages the risks associated with these activities with a view to optimising interest earned and minimising the costs of borrowing. The cash turnover of the Council from day to day activities is approximately £1,500m a year; with roughly £750m a year cash income and £750m cash expenditure, reflecting the fact that the Council is required to set a balanced budget. These large sums of monetary activity mean that Treasury operations within Local Government are highly regulated.
- 1.2. The Local Government Act 2003 introduced greater freedoms for Councils in relation to capital investment and the powers to borrow to finance capital works. To ensure that Councils use these powers responsibly, the Act requires the Council to adopt the CIPFA Prudential Code and adhere to annually produced Prudential Indicators. The underlying 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 the best professional practice. There are prudential indicators which summarise the expected capital activity and apply limits upon that activity and as a result the levels and types of borrowing. They reflect the outcome of the Council's underlying capital appraisal systems.
- 1.3. Within this prudential framework there is an impact on the Council's treasury management activity, as it directly impacts on its borrowing and investment activities. As a consequence the treasury management strategy is included as part of this report to complement these indicators.
- 1.4. This report revises the previously approved prudential indicators for 2017/18 and 2018/19, adds an extra year for 2019/20, and sets out the expected treasury operations for the next three year period. It fulfils four key legislative requirements:
  - a. The reporting of the prudential indicators setting out the expected capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities);
  - b. The setting of the Council's Minimum Revenue Provision (MRP) Policy, which states how the Council will repay the borrowing made to fund capital purchases through the revenue account each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007, and in accordance with CLG Guidance);
  - c. The reporting of the Treasury Management Strategy Statement which sets out how the Council's treasury function will support the capital programme decisions, day to day treasury management and the restrictions on activity set through the treasury prudential indicators. The key indicators are required as part of the Local Government Act 2003 and is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code.
  - d. The reporting of the investment strategy which sets out the Council's criteria for choosing investment counterparties and how it minimises the risks faced. This strategy is in accordance with the CLG Investment Guidance.
- 1.5. The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

## 2. Treasury Management Advisers

- 2.1. The Council uses Capita Asset Services as its treasury management advisers. Capita provides a range of services which include:
- Technical support on treasury matters, capital finance issues and the drafting of reports;
  - Economic and interest rate analysis;
  - Debt services which includes advice on the timing of borrowing;
  - Debt rescheduling advice surrounding the existing portfolio;
  - Generic investment advice on interest rates, timing and investment instruments;
  - Credit ratings-market information service comprising the three main credit rating agencies.
- 2.2. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice, the final decision on treasury matters remains with the Council. This service is subject to regular review.

## 3. Economic Outlook and Prospects for Interest Rates

- 3.1. Part of Capita's service is to assist the Council to formulate a view on interest rates. The following table gives Capita's most recent forecast for UK base rates and borrowing rates from the Public Works Loans Board (PWLB).

	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	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

- 3.2. When the Treasury Management Strategy for 2016/17 was agreed in February 2016, Capita's expectation, in line with most commentators, was for the Bank Rate to increase from 0.50% to 0.75% late 2016, followed by gradual increases thereafter to 1.75% by the end of financial year 2018/19. However, in order to counteract what it forecast was going to be a sharp slowdown in growth resulting from the UK's decision to leave the EU, the Monetary Policy Committee (MPC) at its meeting 4 August 2016 cut the Bank Rate from 0.50% to 0.25%.
- 3.3. The MPC also gave a strong steer that it was likely to cut the Bank Rate again by the end of 2016. However, economic data since August has indicated much stronger growth in the second half of 2016 than previously forecast; and inflation forecasts have also risen substantially, primarily as a result of the sharp fall in the value of sterling. Consequently, the Bank Rate was not cut again in 2016 and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth.
- 3.4. During the two-year period 2017 to 2019, when the UK is negotiating the terms for withdrawal from the EU, it is expected that the MPC will wish to avoid taking actions that could dampen growth prospects, for example by raising the Bank Rate, which

will already be adversely impacted by the uncertainties of the form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in until after those negotiations have been concluded. However, if strong domestically generated inflation, for example from wage increases within the UK, were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

- 3.5 With so many external influences weighing on the UK, economic and interest rate forecasting remains challenging. Forecasts (and future MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, for example in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments. However, the overall longer run expectation is still for gilt yields and PWLB rates to rise, albeit gently.
- 3.6 Capita believes that the overall balance of risks to economic recovery in the UK remains to the downside. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:
- Monetary policy action reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some major developed economies, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
  - Weak capitalisation of some European banks, especially Italian.
  - A resurgence of the Eurozone sovereign debt crisis.
  - Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
  - Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or US Federal Reserve's rate increases, causing a further flight to safe havens (bonds).
  - UK economic growth and increases in inflation are weaker than currently anticipated.
  - Weak growth or recession in the UK's main trading partners - the EU and the US.
- 3.7 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include:
- UK inflation returning to significantly higher levels than in the wider EU and the US, causing an increase in the inflation premium in gilt yields.
  - A rise in US Treasury yields as a result of the Federal Reserve's funds rate increases and rising inflation expectations in the US dragging UK gilt yields upwards.
  - The pace and timing of increases in the Federal Reserve's funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
  - A downward revision to the UK's sovereign credit rating undermining investor confidence on holding sovereign debt (gilts).

#### **4. Capital Programme Prudential Indicators**

- 4.1. The Prudential Indicators (PIs) are driven by the Council's Capital Programme plans. The Capital Programme influences all borrowing decisions made by the Council and the subsequent Treasury Management activity associated with this. The PIs are also influenced by wider Council decisions and the effect of the revenue and capital proposals, included in the reports elsewhere on this agenda. All

assumptions in this report are therefore consistent with the Medium Term Financial Plan.

- 4.2. The corporate criteria for capital investment, as laid out in the Asset Management Plan, were used to establish a list of priority projects for possible inclusion in the forward plan. The capital expenditure figures in 2015/16 and the estimates of capital expenditure to be incurred in the current and future years, that form the basis of the Prudential Indicators, are based on the Capital Programme 2017/18 to 2018/19 report.

#### **Prudential Indicator 1 – Capital Expenditure**

- 4.3. The first requirement of the Prudential Code is that the Authority must make reasonable estimates of the total capital expenditure it intends to incur over the following three financial years. Table 1 illustrates the actual and anticipated level of capital expenditure for the five years 2015/16 to 2019/20 and is the starting point for setting the rest of the PIs. Members will already be familiar with the figures from the quarterly Asset Management Monitoring reports to the Cabinet.

**Table 1 – Capital Programme Expenditure 2015/16 to 2019/20**

	<b>2015/16 £000 Actual</b>	<b>2016/17 £000 Estimate</b>	<b>2017/18 £000 Estimate</b>	<b>2018/19 £000 Estimate</b>	<b>2019/20 £000 Estimate</b>
Environment	39,394	41,547	31,733	15,281	15,779
Childrens	22,609	30,961	8,432	9,612	1,331
Adult & Community	655	1,646	1,056	2,442	395
Cabinet / Whole Authority	18,678	13,889	8,176	5,210	2,058
Dorset Waste Partnership	3,560	4,164	2,682	3,856	4,657
Vehicles	3,062	2,261	1,192	1,179	655
Structural Maintenance	0	9,032	7,510	7,510	7,510
Contingency & Flexibility	0	4,899	6,000	3,000	0
Slippage	0	-40,000	0	20,000	20,000
<b>Total Capital Expenditure</b>	<b>87,958</b>	<b>68,399</b>	<b>66,781</b>	<b>68,090</b>	<b>52,385</b>

- 4.4. The figures appear to show a decline in capital expenditure from 2019/20 onwards. This is because they only include expenditure that can be financed from sources that are reasonably certain at this point in time. Figures for 2018/19 and 2019/20 also include slippage from previous years and funding from already earmarked capital receipts. Assumptions have been made about the likely level of government funding in future years and may therefore require revision.
- 4.5. The capital expenditure figures assume a certain level of funding from borrowing for each year. Capital expenditure which cannot be immediately financed, or paid for, through revenue or capital resources (such as capital receipts), will require funding through either new borrowing or the utilisation of available cash resources pending borrowing. It is the new borrowing, together with existing borrowing, which has to be prudent, affordable and sustainable which forms the main element of the Prudential Code and drives PIs 2 to 7. Proposals on the level of borrowing for capital purposes are shown at paragraph 7.2 of this report and are set out for approval in the Revenue and Capital reports on this agenda.



**Prudential Indicator 2 – The Capital Financing Requirement**

- 4.6. The capital financing requirement (CFR) measures the Authority’s underlying need to borrow for capital purposes. This figure includes all long term borrowing as well as financing that is implicit in Private Finance Initiative schemes and finance leases.
- 4.7. As part of a proactive and efficient Treasury Management Strategy, the Council does not differentiate between cash held for revenue purposes and cash held to fund the capital programme. At any point in time the Council has a number of cash flows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices.
- 4.8. External borrowing arises from long term funding of capital spend and short term cash management if required, and as such can fluctuate over a number of months and years. In contrast, the capital financing requirement reflects the Council’s underlying need to borrow for a capital purpose. The CIPFA Prudential Code includes the following as a key indicator of prudence:

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

- 4.9. This basically means that the Council can only borrow for capital purposes and only for the capital expenditure it has set out and approved over the course of its three year capital programme. Estimates of the end of year capital financing requirement for the Council for the current and future years and the actual capital financing requirement at 31 March 2016 are:

**Table 2 Capital Financing Requirement (CFR) 2015/16 to 2019/20**

	2015/16 £000 Actual	2016/17 £000 Estimate	2017/18 £000 Estimate	2018/19 £000 Estimate	2019/20 £000 Estimate
Borrowing Requirement	287,313	293,675	310,974	330,629	344,665
Long Term Liabilities	38,933	34,798	31,176	27,554	23,900
<b>CFR</b>	<b>326,246</b>	<b>328,473</b>	<b>342,150</b>	<b>358,183</b>	<b>368,565</b>

**Prudential Indicator 3 – Ratio of Financing Costs to Net Revenue Stream**

- 4.10. PI 3 expresses the net costs of financing the capital programme as a percentage of the funding receivable from the Government and council tax payers, expressed as a ratio. The net cost of financing includes interest and principal repayments, netted off by interest receivable in respect of any cash investments held.

**Table 3 – Interest and repayment costs as a proportion of the Net Revenue Budget**

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
<b>Financing Ratio</b>	7.96%	7.51%	7.69%	7.74%	7.96%

**Prudential Indicator 4 – Estimate of Incremental Impact of Capital Investment Decisions on the Council Tax**

- 4.11. This indicator estimates the extra cost of capital investment decisions proposed in this budget report, over and above capital investment decisions that have previously been taken by the Council. Where new capital expenditure is to be financed by borrowing there will be an additional financing cost, this PI represents it in terms of its impact on the level of council tax. It does not mean that council tax will increase by this amount as corresponding efficiencies are made elsewhere in the budget. It acts to illustrate the impact of the capital investment decisions on council tax if taken in isolation.
- 4.12. Capital expenditure decisions financed by borrowing could in fact feed through to a reduction in the level of council tax if the investment made allows savings to be realised, for example, the capital investment on building a new multi storey car park, might generate sufficient income to cover financing costs and make a surplus thus enabling a reduction to the level of council tax.
- 4.13. The figures below represent the extra estimated cost in each year of the additional borrowing if it were all funded from council tax.

***Table 4 Impact of capital expenditure decisions on the level of Council Tax***

	2017/18 £	2018/19 £	2019/20 £
Cost of capital programme on Band D Council Tax	7.93	8.94	6.34

**5. Minimum Revenue Provision Policy Statement**

- 5.1. The Council is required to make a provision (charge to the revenue account) each year towards the repayment of its underlying borrowing requirements, regardless of whether any actual debt is repaid. The Department for Communities and Local Government, (CLG) requires that before the start of each financial year the Council should prepare a statement of its policy on making such provisions, known as the Minimum Revenue Provision (MRP) for that year.
- 5.2. The Council is required to calculate for the forthcoming financial year an amount of MRP which it considers to be prudent. The broad aim of prudent provision is to ensure that its underlying borrowing need, as expressed by the CFR, is repaid over a period reasonably commensurate with the life of the capital assets that the borrowing has financed. The statement should indicate which of the allowed options for MRP are to be followed.
- 5.3. The Council is recommended to approve the following MRP Statement:
- a) For capital expenditure incurred before 1 April 2008 or which is Supported Capital Expenditure, the MRP policy will be based, as now, on the CFR.
  - b) From 1 April 2008 for all unsupported borrowing, the MRP policy will be based on the Asset Life Method. MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must also be applied for any expenditure capitalised under a Capitalisation Directive).

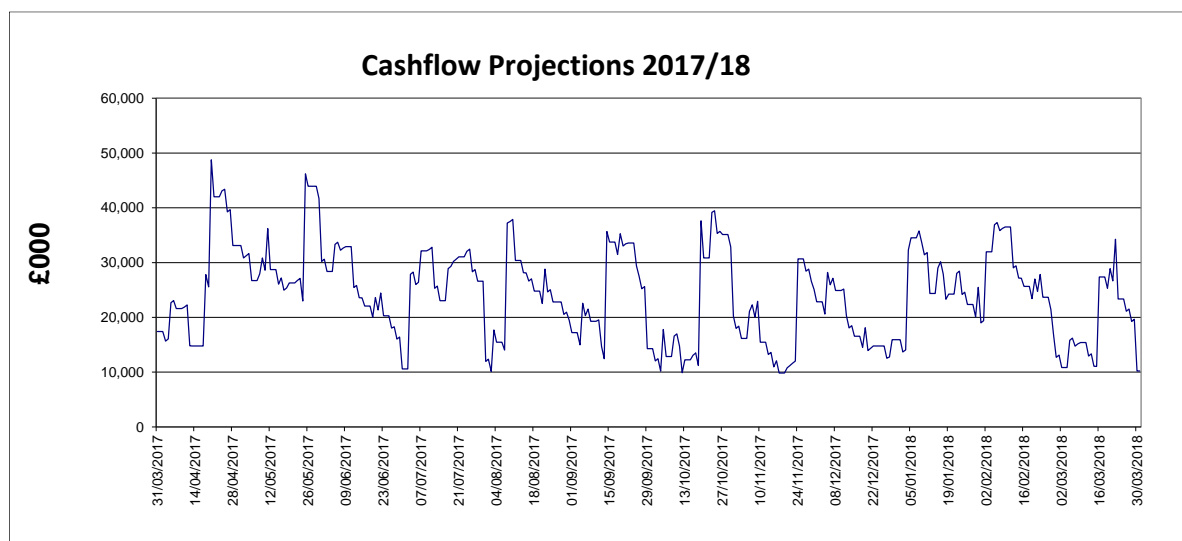
**6. Treasury Management Strategy 2017/18 to 2019/20**

- 6.1. The capital expenditure plans summarised in Section 4 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet the service activity. This involves the organisation of the cash flow and, where capital investment plans require, the organisation of appropriate borrowing facilities.
- 6.2. The treasury management service is therefore an important part of the overall financial management of the Council's affairs. The prudential indicators consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The Treasury Management service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets its balanced budget requirement under the Local Government Finance Act 1992.
- 6.3. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised 2011). The Council adopts the Code of Practice on Treasury Management and its revisions, which in itself is a key Prudential Indicator that it has complied with. As a result of adopting the Code, the Council also agreed to create and maintain a Treasury Management Policy Statement (TMPS) which states the policies and objectives of the Council's Treasury Management activities.
- 6.4. It is a requirement for an annual strategy to be reported to the Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. A further treasury report is produced after the year-end to report on actual activity for the year, and a new requirement of the revision of the Code of Practice is that there is a mid-year monitoring report.

**Day to Day Cash Management Activity**

- 6.5. The Council's cash balances will fluctuate throughout the year as income is received and expenditure is made. Chart 1 shows the projected cashflow forecast for 2017/18 which is based on high level budget figures, historic trends and other information. It shows cash balances fluctuate between major receipt days, when government grant or the council tax precepts are received and major payment days such as the employees' pay day. The maximum level of cash balances is expected to be around £50m with the minimum level being £10m. Expected interest earnings are based on the cash flow as set out below (average balance approximately £24m) assuming an average interest rate of 0.30%.
- 6.6. The Council is by law expected to set a balanced budget, meaning that its cash inflows should broadly match its cash outflows over the medium term. The chart provides a useful guide to officers when formulating the borrowing and investment strategy.

**Chart 1 – Dorset County Council Cashflow Forecast 2017/18**



**Borrowing Strategy**

- 6.7. The Council can borrow long term funds from three main sources:
- a) The Public Works Loans Board (PWLB) is the government agency that provides long term funding to local authorities, with loans priced according to the gilt markets. Loans can be taken for periods of 1 to 50 years at fixed or variable rates.
  - b) The Banking Sector also offer long term ‘market’ loans. The Council will consider borrowing from banks and financial institutions on a long term basis if this method of funding is advantageous compared to any other options available. Institutions have in the past offered loans up to 70 years and on a forward delivery basis.
  - c) Internal Borrowing from Revenue Balances can be used to fund the capital programme. Cash balances are built up over time from the Council’s on-going activities, and as the Council builds up reserves and makes provisions these are reflected in the cash balances it holds. The cash held can be used to finance the capital programme, instead of borrowing externally. In reality the decision to borrow from cash balances will depend on the prevailing interest rate environment.
- 6.8. The borrowing strategy is affected by the economic outlook and prospects for interest rates. The low short term investment returns (currently less than 0.5%) compared to the cost of long term borrowing (currently approximately 3.0%) has meant the Council has been using its cash balances to fund capital spend rather than borrow. This has resulted in the Council’s level of debt being significantly less than its CFR. This strategy means the Council is expected to be ‘under borrowed’ by approximately £80m at 31 March 2017. This has been deemed to be a prudent approach because of the low investment returns and relatively high counterparty risk.
- 6.9. However, with borrowing costs anticipated to increase at some stage over the next three years, and given the current high level of internal borrowing, attention needs to be given to the balance between internal and external borrowing. Over the next two years it may be prudent to borrow at lower rates and incur a cost of carry (the difference between the rate of interest earned on investments against the cost of borrowing), in the knowledge that future long term borrowing is likely to be higher.

The Chief Financial Officer will continue to monitor interest rates in the financial markets and adopt a pragmatic approach to changing circumstances when making borrowing and investment decisions.

- 6.10. Officers regularly consider opportunities to reschedule borrowing whereby debts at a higher rate of interest are repaid and rescheduled at a lower interest rate. However, changes to the restructuring penalties (premiums) charged by the PWLB have made such restructurings expensive and therefore unviable at current market rates.

## 7. **Treasury Management Prudential Indicators 2017/18 to 2019/20**

- 7.1. The Prudential Code places a number of restrictions on the debt management activities of the Council. These are to restrain the activity of the treasury function within certain limits to manage risk and reduce the impact of any adverse or sudden movements in interest rates. However, the limits have to be with sufficient flexibility to allow costs to be minimised and performance maximised.

### **Prudential Indicator 5 – External Debt**

- 7.2. The Council needs to ensure that its long term gross debt does not exceed the projected CFR for the third year of the capital programme plans (the 2019/20 projected CFR in the case of this plan). This prevents the Council from over borrowing in the long term and thereby taking on excessive levels of debt, which could be unaffordable or unsustainable. However, it does provide the Council with the flexibility to borrow in advance of need if borrowing rates are favourable, or they are expected to increase.
- 7.3. External debt and other long term liabilities (including PFI contract and finance lease commitments) is expected to stand at £250m at 31 March 2017, significantly less than the CFR, which is estimated to stand at £328m at the same date, representing underborrowing of approximately £80m. The breakdown of this plus estimates of borrowing for 2017/18 to 2019/20 are summarised in Table 5.

**Table 5 External Debt 2015/16 to 2019/20**

<b>External Debt</b>	<b>2015/16 Actual £000</b>	<b>2016/17 Estimate £000</b>	<b>2017/18 Estimate £000</b>	<b>2018/19 Estimate £000</b>	<b>2019/20 Estimate £000</b>
Debt at 1 April	215,124	184,341	213,521	233,521	253,521
Expected change in Debt	-30,783	29,180	20,000	20,000	20,000
PFI / Finance Lease Liabilities	42,042	39,007	36,007	33,007	30,007
Expected change in PFI Liabilities	-3,035	-3,000	-3,000	-3,000	-3,000
<b>Actual gross debt at 31 March</b>	<b>223,348</b>	<b>249,528</b>	<b>266,528</b>	<b>283,528</b>	<b>300,528</b>
<b>CFR</b>	<b>326,246</b>	<b>328,473</b>	<b>342,150</b>	<b>358,183</b>	<b>368,565</b>
<b>Under / (Over) Borrowing</b>	<b>102,898</b>	<b>78,945</b>	<b>75,622</b>	<b>74,655</b>	<b>68,037</b>

### **Prudential Indicators 6 and 7 – Operational Boundary and Authorised Limits for External Debt**

- 7.4. These indicators are at the core of the Prudential Code and reflect the limits that the Council imposes upon itself in relation to external borrowing.
- 7.5. The Operational Boundary is the limit beyond which external debt is not normally expected to exceed. In the majority of cases this should be a level similar to the CFR, plus an allowance for any short term borrowings that might be required for

cash management purposes or unexpected calls on capital resources. It is the key management tool for in year monitoring of the Council's expected capital and cashflow borrowing position.

**Table 6 Operational Boundary for External Debt 2016/17 to 2019/20**

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	335,000	335,000	340,000	350,000
Other long term liabilities	40,000	38,000	36,000	35,000
<b>Total Operational Boundary</b>	<b>375,000</b>	<b>373,000</b>	<b>376,000</b>	<b>385,000</b>

- 7.6. The proposed operational boundaries for external debt set out in Table 6 are based on the most likely, prudent, but not worst case scenario to allow for unusual cash movements, for example. For reference purposes they include the estimated level of CFR, and estimated levels of borrowing for each year. The policy of limiting the size of the CFR is reflected in the proposed operational boundary, which will be capped at the maximum level of the CFR plus £10m to allow for any short term cashflow borrowing. These limits separately identify borrowing from other long term liabilities such as finance leases.
- 7.7. The Authorised Limit for external debt uses the operational boundary as the starting point but includes a margin to allow for unusual and unpredicted cash movements. By its very nature, this margin is difficult to predict and it will be necessary to keep it under review for future years.
- 7.8. The Authorised Limit may not be affordable or sustainable in the long term, but represents the absolute maximum level of debt the Council can hold at any given time. It is a statutory limit determined under section 3 (1) of the Local Government Act 2003, and any breach will be reported to the County Council, with the Government having the option to control the plans of the Council. An allowance has been added to the operational boundary to provide for the possibility of extra borrowing becoming available during the year as the result of the Government supporting further schemes, as well as providing some headroom if the projection of cashflow borrowing were to change.
- 7.9. In respect of its external debt, it is recommended that the County Council approves the authorised limits, set out in Table 7, for its total external debt for the next three financial years.

**Table 7 Authorised Limit for External Debt 2016/17 to 2019/20**

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	355,000	355,000	360,000	370,000
Other long term liabilities	42,000	40,000	38,000	37,000
<b>Total Authorised Limit</b>	<b>397,000</b>	<b>395,000</b>	<b>398,000</b>	<b>407,000</b>

- 7.10. The Council is asked to delegate authority to the Chief Financial Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities on both the operational boundary and authorised limits. Any such changes made will be reported to the Council at its next meeting following the change.

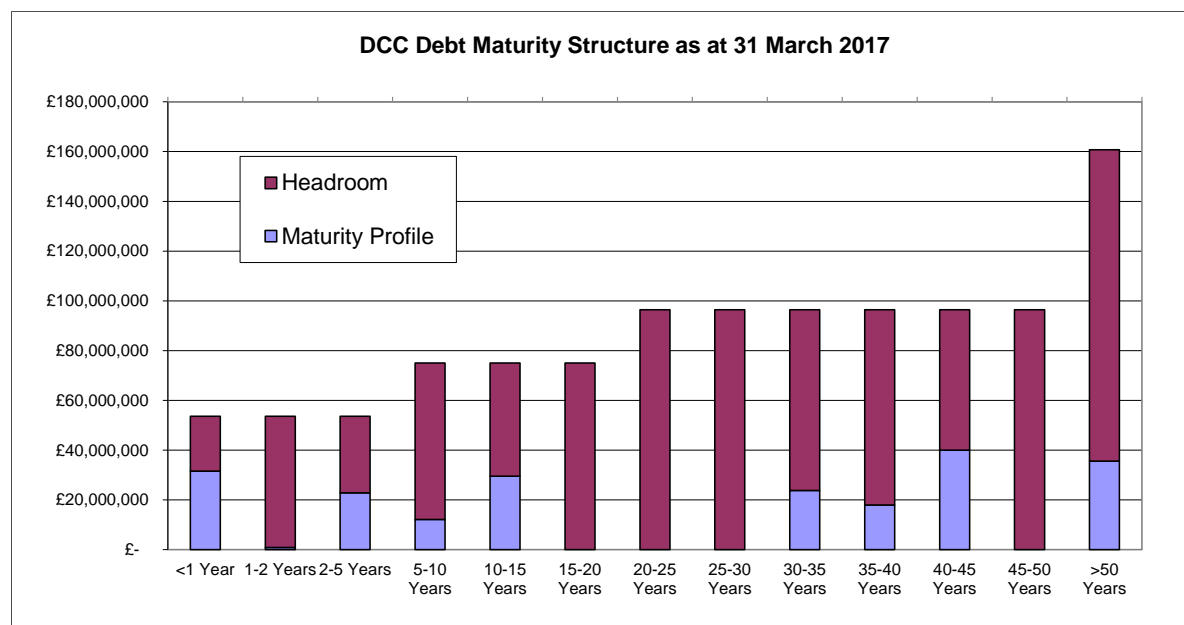
**Prudential Indicators 8, 9 and 10 – Limits on interest rate exposure and maturity of debt**

- 7.11. These three PIs are designed to minimise exposure to fluctuations in interest rates and refinancing risks, and also cap the interest costs of borrowing to provide stability to this area of the Council's finances. The indicators are detailed below and illustrated in Table 8 and Chart 2:
- Upper limit on fixed interest rate exposure – this identifies a maximum revenue cost of interest paid on fixed rate debts and is intended to prevent the Council from being locked into rates of interest that it cannot easily exit.
  - Upper limit on variable interest rate exposure – this identifies a maximum revenue cost of interest paid on variable debts, which is designed to minimise the budget exposure of the Council to movements in interest rates, a sudden increase in variable interest rates can cost the Council a significant sum of money, which this limit is intended to cap.
  - Maturity Structure of Borrowing – this identifies the maximum level of exposure to loans maturing (being repaid) in any given year. The rationale is to prevent the Council from having adverse cashflow difficulties if a large proportion of its loans have to be repaid in the same year. Chart 2 shows the current maturity profile, in relation to the limits that have been set.

**Table 8 – Limits on Interest Exposure and Maturity of Debt**

	2017/18 Upper £000	2018/19 Upper £000	2019/20 Upper £000
<b>PI 8 Limits on net fixed interest rates payments</b>	11,000	12,000	13,000
<b>PI 9 Limits on net variable interest rate payments</b>	2,000	2,000	2,000
<b>PI 10 Maturity Structure of fixed interest rate borrowing 2017/18</b>		<b>Lower</b>	<b>Upper</b>
Under 12 Months		0%	25%
12 Months to 2 Years		0%	25%
2 Years to 5 Years		0%	25%
5 Years to 10 Years		0%	35%
10 Years to 15 Years		0%	35%
15 Years to 20 Years		0%	35%
20 Years to 25 Years		0%	45%
25 Years to 30 Years		0%	45%
30 Years to 35 Years		0%	45%
35 Years to 40 Years		0%	45%
40 Years to 45 Years		0%	45%
45 Years to 50 Years		0%	45%
50 Years and above		0%	75%

**Chart 2: Debt maturity limits compared to actual debt maturity profile at 31 March 2017**



## **8. Annual Investment Strategy**

- 8.1. Cash balances are invested on a daily basis using the London Money Market, call accounts, pooled money market funds and by making deposits with the Council's bank. Longer term investments can also be made; and in the current market, such investments earn more interest than the shorter term investments, however, there is a balance to be achieved between ensuring availability of cash to pay the bills and taking advantage of these higher interest rates. In the current banking and financial climate there is also a higher risk of counterparty default. In practice there will be a range of investments, but with a current bias heavily towards shorter term deposits.
- 8.2. The primary objectives of the Council's investment strategy are detailed in the Investment Policy detailed in Appendix 1. The objectives, in order of priority, are:
- a) The security of funds invested – ensuring that the funds will be repaid by the counterparty to the Council at the agreed time and with the agreed amount of interest;
  - b) The liquidity of those funds – ensuring the Council can readily access funds from the counterparty;
  - c) The rate of return – ensuring that given a) and b) are satisfied that return is maximised.
- 8.3. The Investment Policy takes into account the economic outlook and the position of the banking sector in assessing counterparty security risk. Since the banking crisis of 2008, there continue to be underlying concerns about both the shape of the economy and the stability of the banking sector meaning the operational investment strategy adopted by the Council has tightened the controls already in place in the approved investment strategy. In doing so the Council will ensure:
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.



- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the Specified and Non-Specified investment sections explained in Annex A of the Investment Policy. Risk of default by an individual borrower is minimised by placing limits on the amount to be lent.
- 8.4. The Policy introduces further measures that are taken to minimise counterparty risk, as a result officers work to:
- a prescribed list of countries that it can invest in;
  - a list of institutions that it can invest with,
  - maximum cash limits that can be invested with these institutions, and
  - restrictions on the length of time investments can be held with these approved institutions.
- 8.5. The counterparty list is maintained by Capita who monitor it on a real time basis. The Council receives a weekly update, but a new list can be distributed at any time if there is any adverse news about any of the institutions on it.
- 8.6. In addition to the restrictions that the Council places upon itself to maximise security, ensure liquidity and maximise yield, the prudential code sets limits on the maximum period of time monies can be invested for. These are illustrated in Table 9 below

**Table 9 Prudential Indicator 11: Maximum principal sums invested >364 days**

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Maximum amount invested &gt; 364 Days</b>	20,000	20,000	20,000
% of which can be up to 2 years	100%	100%	100%
% of which can be up to 3 years	75%	75%	75%
% of which can be up to 4 years	50%	50%	50%
% of which can be up to 5 years	25%	25%	25%

## **9. Sensitivity to Interest Rate Movements**

- 9.1 The Council's accounts are required to disclose the impact of risks on the Council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. Table 10 highlights the estimated impact of a 1% increase or decrease in all interest rates to the estimated treasury management costs or income for next year. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

**Table 10 Impact on Revenue Budget of a 1% change in Interest Rates**

	<b>Variable Rate Debt / Investments £000</b>	<b>2017/18 Estimated + 1% £000</b>	<b>2017/18 Estimated - 1% £000</b>
Interest on Borrowing <sup>1</sup>	0	0	0
Investment Income <sup>2</sup>	24,000	240	(240)
<b>Net Benefit / (Cost) to Council</b>		240	(240)

1) The Council is not expected to hold any variable rate debt in 2017/18.

2) Average projected balances for 2017/18.

## 10. Risk Assessment

- 10.1. The primary risks to which the County Council is exposed in respect of its treasury management activities are adverse movements in interest rates and the credit risk of its investment counterparties. Either may jeopardise the Authority's ability to maintain its financing strategy over the longer term.
- 10.2. The net interest costs of the Authority are not significant in relation to its overall revenue budget. Significant changes in the level of interest rates are unlikely to result in an unmanageable burden on the budget position of the County Council.
- 10.3. Treasury Management risk can be reduced in the following ways:
- diversification of lending by setting criteria and limits for investment categories and individual borrowers. Risk is controlled by the formulation of suitable criteria for assessing and monitoring the credit risk of borrowers and the construction of the lending list comprising time, type, sector and specific counterparty limits. This is covered in more detail in the following section.
  - balancing cash flow needs, as determined by the forecast, with the outlook for interest rates, whilst ensuring enough cover for emergencies
  - use of money market funds and longer term lending to enhance diversification.
- 10.4. In addition, the CIPFA Code requires the policy to show who is responsible for which decision, the limits on the delegation and reporting requirements. This has been in place for some years and is reproduced at Appendix 2.
- 10.5. The Council's Treasury Management Practices document sets out in detail the systems and processes (including internal checks) that have been introduced to reduce the risk of losses due to fraud, negligence and error.

## 11. Performance Indicators

- 11.1. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking.
- 11.2. Examples of performance indicators often used for the treasury function are:
- Debt – Borrowing – Average rate of borrowing for the year compared to average available;
  - Debt – Change in the average cost of debt year on year;
  - Investments – Internal returns above the 7 day LIBID rate.

- 11.3. In managing Treasury Management performance a number of annual benchmarking exercises are done to monitor the relative performance and to ensure best practice, this benchmarking includes these performance indicators and represents the most effective way of managing performance. A review of performance is presented as part of the Outturn Report each year.

**12. Member and Officer Training**

- 12.1. The high level of risk inherent in treasury management means officers need to be adequately experienced and qualified. Officers attend national treasury management events and training courses and have twice yearly strategy and review meetings with Capita, as well as regular contact over the telephone.
- 12.2. A training session for all elected Members was held in April 2014 and run by Capita to explain the basics and outline the responsibilities that Members have in relation to treasury management. It is Dorset County Council policy to offer training to Members where it is felt to be appropriate and relevant, and it is planned to arrange a further session in 2017/18.

**13. Conclusion**

- 13.1. This report sets out the Treasury Management Strategy for 2017/18 to 2019/20 and, in particular, shows the anticipated cash flow for the Council and how in practice this is to be managed to optimise interest earnings and minimise borrowing cost whilst meeting daily cash needs.
- 13.2. An extensive risk analysis has been carried out on the treasury management operation supported by the County Council's treasury management advisers, Capita Asset Services, and it is considered that a high level of risk avoidance has been established by the combination of policies and working practices in place. Particular attention is given to the quality of lenders used and the processes used on a day to day basis to avoid any losses due to fraud, negligence, and error.
- 13.3. Various options exist regarding the precise manner in which the capital programme is financed, and these are highlighted in paragraph 6.7. The Code of Practice provides that final decisions on the actual financing of capital expenditure, rests with the Chief Financial Officer after taking advice from Capita.
- 13.4. As required by the Code, the report sets out the required Prudential Indicators and in accordance with the guidance any revisions required will be brought to the Cabinet for approval.

**Richard Bates**  
Chief Financial Officer  
January 2017

## APPENDIX 1

### Dorset County Council - Investment and Credit Worthiness Policy

#### 1. Investment Policy

- 1.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.
- 1.2 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 1.3 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisers to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- 1.4 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 1.5 Investment instruments identified for use in the financial year are listed in Annex A of this Policy under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices schedules.

#### 2. Creditworthiness Policy

- 2.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
  - It maintains this policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in Annex A - Specified and Non-Specified investments; and
  - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 2.2 Risk of default by an individual borrower is minimised by placing limits on the amount to be lent. These limits use, where appropriate, credit ratings from Fitch, Standard and Poors, and Moodys Credit Rating Agencies. All banks and building societies used by Dorset County Council will have a long-term rating of at least A- and a minimum short term rating of F1. Long-term ratings vary from AAA (the highest) down to D the lowest. Short-term ratings vary from F1+ (the highest) down to D. Individual ratings vary from A (the highest) down to E, and these are now being replaced by viability ratings (aaa the highest, to c the lowest) and estimate

how likely the bank is to need assistance from third parties. The limits to be used are set out in paragraph 2.6.

- 2.3 The Chief Financial Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which type of investment instrument are either Specified or Non-Specified investments as it provides an overall pool of counterparties considered to be high quality that the Council may use, rather than defining what types of investment instruments are to be used.
- 2.4 Credit rating information is supplied by the Council's treasury management advisers, Capita Asset Services, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer term change) are monitored and provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

### Security

- 2.5 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:
- i. **Sovereign Ratings**
- 2.5.1 The Council will only lend to counterparties in countries with the highest sovereign Credit Rating of AAA. The maximum that can be deposited with banks in any one sovereign is £30m at any time. The exception to both rules is the United Kingdom.
- ii. **Counterparties with Good Credit Quality**
- 2.5.2 The Council will lend to counterparties with the following counterparty ratings:

**Table 1 Counterparty Ratings**

Category	Minimum Credit Rating	Limit
Any Local Authority	n/a	£15 Million
Banks & Building Societies	Short F1, Long A-	£15 Million
Money Market Funds	AAA	£15 Million (individual)
Money Market Funds Notice Account	AAA	£10 Million (individual)
UK Government including gilts and the Debt Management Account Deposit Facility (DMADF)	n/a	no limit

- 2.5.3 Where a counterparty is part of a larger group, it is appropriate to limit the Council's overall exposure to the group. Individual counterparties within the group will have their own limit, but will be subject to an overall limit for the group. The limit for any one group will be £15M, except in the case of the four major UK banking groups where the limit is £20M.

**iii. Part Nationalised Banking Groups**

2.5.4 The Council will continue to use banking groups whose ratings fall below the criteria specified above if that banking group remains part nationalised, up to a limit of £20M for the group.

**iv. Council's own banker**

2.5.5 The limit for the Authority's own bank is £20M, however, due to occasional short term unexpected cashflows this limit may be breached. For this reason additional flexibility of an additional £1M is allowed to cover such movements, and to minimise the transaction costs involved with moving small sums of money. Over the long term the £20M should be the maximum. The breaches of the £20M limit will be monitored and reported to the Chief Financial Officer on a monthly basis.

2.5.6 If the Council's own banker, NatWest, fell below the Council's criteria, it would continue to be used for transactional and clearing purposes with the maximum balances deposited with them overnight being limited to £500k.

**v. Major UK Banks**

2.5.7 The Council may invest up to £20M with each of the four major UK banking groups, Barclays Bank PLC, HSBC Bank PLC, Lloyds Banking Group PLC, and The Royal Bank of Scotland PLC (which owns the Council's bank, National Westminster Bank PLC), taking into account the restrictions of group limits and any other limits which apply. These four banking groups were added explicitly to the Treasury Management Strategy with the rationale that in a worst case scenario, all of the Council's cash could be placed across these four banks.

**vi. Use of Additional Information other than Credit Ratings**

2.5.8 Additional requirements under the Code of Practice require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches / Outlooks) will be applied to compare the relative security of differing investment counterparties.

**Liquidity**

2.6 Liquidity is defined as an organisation "having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives" (CIPFA Treasury Management Code of Practice).

2.7 In addition it is prudent to have rules for the balance of investment between short term and longer term deposits to maintain adequate liquidity. They are:

**i. Fixed Term Investments**

2.8 A minimum cash balance of £10M must be maintained in call accounts or instant access Money Market Funds. Any amount above this can be invested in fixed term deposits.

**ii. Call Deposits**

- 2.9 The amount of call deposits (instant access accounts) should be a minimum of £10M to allow for any unforeseen expenditures, up to a maximum of 100%. From time to time, it may be necessary for call deposits to fall below £10M, when this occurs it should be for no more than one working day. The breaches of the £10M limit will be monitored and reported to the Chief Financial Officer on a monthly basis.

**iii. Time and Monetary limits applying to Investments**

- 2.10 The time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

**Table 4 – Time and Monetary Limits**

	<b>Minimum Long Term and Short Term Counterparty Rating (LCD Approach)</b>	<b>Money Limit</b>	<b>Time Limit</b>
Any Local Authority	n/a	£15 Million	5 Years
Banks & Building Societies	AA- / F1+	£15 Million	5 Years
Banks & Building Societies	A- / F1	£15 Million	364 Days
Major UK Banks*	n/a	£20 Million	5 Years
Money Market Funds	AAA	£15 Million (individual)	Overnight
Money Market Funds	AAA	£10 Million (individual)	7 Day Notice
UK Government including gilts and the DMADF	n/a	Unlimited	6 Months
Part Nationalised Banking Groups	n/a	£20 Million	5 Years
Council's Own Banker	n/a	£20 Million	Overnight
*(Barclays Bank PLC, HSBC Bank PLC, Lloyds Banking Group PLC and The Royal Bank of Scotland PLC)			

**iv. Longer Term Instruments**

- 2.11 The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-Specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. This will be limited to counterparties rated AA- long term, and F1+ short term. The level of overall investments should influence how long cash can be invested for. For this reason it has been necessary to introduce a sliding scale of limits that depend on the overall size of cash balances. The smaller the size of the overall cash balances the more important it is that the money is kept liquid to meet the day to day cashflows of the organisation. Likewise if cash balances are large, a greater proportion of the funds can be invested for longer time periods. Table 5 sets out the investment limits.

**Table 5 Time Limits for Investments over 365 days**

Time Limit	Money Limit invested with Counterparties rated AA- - F1 + and above – or UK 4 Major Banking Groups	
Projected Annual Balances	%	
More than 1 year, no more than 2 years	100%	£20M
More than 2 years, no more than 3 years	75%	£15M
More than 3 years, no more than 4 years	50%	£10M
More than 4 years, no more than 5 years	25%	£5M
<b>In Total £M</b>		<b>£20M</b>

- 2.12 In the normal course of the council’s cash flow operations it is expected that both Specified and Non-Specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
- 2.13 A summary of the proposed criteria for investments is shown in Annex B, and a list of counterparties as at 11 January 2017 in accordance with these criteria is shown as Annex C to this policy for information.



## **Investment Policy - Treasury Management Practice 1- ANNEX A**

### **Treasury Management Practice (TMP) 1 – Credit and Counterparty Risk Management**

The CLG issued Investment Guidance on April 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sector Guidance Notes. This Council adopted the Code during 2002 and will apply its principles to all investment activity. In accordance with the Code, the Chief Financial Officer has produced the Council's treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

#### **Annual Investment Strategy**

The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is set out below.

#### **Strategy Guidelines**

The main strategy guidelines are contained in the body of the treasury strategy statement (the Investment Strategy).

#### **Specified Investments**

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A body that is considered of a high credit quality (such as a bank or building society). This covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set

additional criteria to set the time and amount of monies which will be invested in these bodies.

### **Non-Specified Investments**

Non-specified investments are any other type of investment (i.e. not defined as specified above). This would include investments greater than 1 year in duration. It is proposed that counterparties will be restricted to those in the specified category above when investing for more than a year. In total these longer term loans will be limited to £50M of the total investment portfolio and this has been determined with regard to the forecasts of future cash flow.

### **The Monitoring of Investment Counterparties**

The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Financial Officer, and if required new counterparties which meet the criteria will be added to the list.

## Summary of Investment Criteria

## INVESTMENT POLICY ANNEX B

Paragraph	Criteria	Minimum Rating		Maximum Investment and Exceptions
		Long	Short	
<b>Sovereign Limit for All Loans</b>				
2.5.1	<b>AAA Sovereign Rating</b>	n/a	n/a	£20 Million with any one sovereign, UK no limits
<b>Notice Money</b>				
A minimum of 10% of total investments, up to a maximum of 100%				
2.5.5	<b>Council's own Banker</b>	n/a	n/a	£20 Million
2.5.2	<b>Money Market Funds</b>	AAA		£15 Million individual
2.5.2	<b>Money Market Fund Notice Account</b>	AAA	n/a	£10 Million individual
<b>Fixed Term Investments</b>				
Limited to the amount of excess balances for that term less a margin of £10 Million				
<b>Up to 6 months</b>				
2.5.2	<b>UK Government including gilts and DMAADF</b>			Unlimited
<b>Up to 364 Days</b>				
2.5.2	<b>Any Local Authority</b>			£15 Million
2.5.2	<b>Banks &amp; Building Societies</b>	A-	F1	£15 Million Note that no more than £15 Million can be invested with banks in the same group where the highest rated counterparty has a minimum of these ratings See 2.5.4, 2.5.5, 2.5.6, 2.5.7 for exceptions
2.5.7	<b>Four Major UK Banking Groups:</b> Barclays Bank PLC, HSBC Bank PLC, Lloyds Banking Group PLC, The Royal Bank of Scotland PLC (including National Westminster Bank PLC)	N/a	N/a	£20 Million
<b>Up to 5 years</b>				
2.5.7	<b>Major Banks &amp; Building Societies</b>	AA-	F1+	£15 Million per bank Note that no more than £15 Million can be invested with banks in the same group where the highest rated counterparty has a minimum of these ratings See 2.5.4, 2.5.5, 2.5.6, 2.5.7 for exceptions
2.5.4	<b>Part Nationalised Banking Groups:</b> Lloyds Banking Group PLC, The Royal Bank of Scotland PLC (including National Westminster Bank PLC)	n/a	n/a	£20 Million

## INVESTMENT POLICY ANNEX C

Counterparty list as at 10 January 2017

	Lowest Long Term Rating*	Lowest Short Term Rating*	Money Limit (£M)	Time Limit
<b>UK Banks and Building Societies</b>				
HSBC Bank PLC	AA-	F1+	£20M	5 YEARS
<i>Lloyds Banking Group:</i>				
Bank of Scotland PLC	A+	F1	£20M (group)	5 YEARS
Lloyds Bank PLC	A+	F1	£20M (group)	5 YEARS
<i>Royal Bank of Scotland Group:</i>				
National Westminster Bank	BBB+	F2	£20M (group)	5 YEARS
Royal Bank of Scotland	BBB+	F2	£20M (group)	5 YEARS
Barclays Bank	A	F1	£20M	5 YEARS
Santander UK Plc	A	F1	£15M	364 DAYS
Standard Chartered Bank	A+	F1	£15M	364 DAYS
Nationwide Building Society	A	F1	£15M	364 DAYS
Goldman Sachs International Bank	A	F1	£15M	364 DAYS
Close Brothers Ltd	A	F1	£15M	364 DAYS
Sumitomo Mitsui Banking Corporation Europe Limited	A	F1	£15M	364 DAYS
Coventry Building Society	A	F1	£15M	364 DAYS
Leeds Building Society	A-	F1	£15M	364 DAYS
Yorkshire Building Society	A-	F1	£15M	364 DAYS
UBS Ltd	A+	F1	£15M	364 DAYS
Abbey National Treasury Services	A	F1	£15M	364 DAYS
<b>Australian Banks</b>				
National Australia Bank Limited	AA-	F1+	£15M	5 YEARS
Australia and New Zealand Banking Group	AA-	F1+	£15M	5 YEARS
Commonwealth Bank of Australia	AA-	F1+	£15M	5 YEARS
Macquarie Bank Limited	A	F1	£15M	364 DAYS
Westpac Banking Corporation	AA-	F1+	£15M	5 YEARS

	Lowest Long Term Rating*	Lowest Short Term Rating*	Money Limit (£M)	Time Limit
<b>Canadian Banks</b>				
Canadian Imperial Bank of Commerce	AA-	F1+	£15M	364 DAYS
Bank of Montreal	AA-	F1+	£15M	364 DAYS
Bank of Nova Scotia	AA-	F1+	£15M	364 DAYS
National Bank of Canada	A+	F1	£15M	364 DAYS
Royal Bank of Canada	AA	F1+	£15M	5 YEARS
Toronto-Dominion Bank	AA-	F1+	£15M	5 YEARS
<b>Danish Banks</b>				
Danske A/S	A	F1	£15M	364 DAYS
<b>German Banks</b>				
Landwirtschaftliche Rentenbank	AAA	F1+	£15M	5 YEARS
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	AA-	F1+	£15M	5 YEARS
Landesbank Hessen-Thueringen Girozentrale (Helaba)	A+	F1+	£15M	364 DAYS
Landesbank Baden-Wuerttemberg	A-	F1	£15M	364 DAYS
NRW Bank	AAA	F1+	£15M	5 YEARS
<b>Luxembourg Banks</b>				
European Investment Bank	AAA	F1+	£15M	5 YEARS
<b>Singaporean Banks</b>				
DBS Bank Ltd.	AA-	F1+	£15M	5 YEARS
Oversea-Chinese Banking Corporation	AA-	F1+	£15M	5 YEARS
United Overseas Bank Limited	AA-	F1+	£15M	5 YEARS
<b>Swedish Banks</b>				
Nordea Bank AB	AA-	F1+	£15M	5 YEARS
Svenska Handelsbanken AB	AA	F1+	£15M	5 YEARS
Swedbank AB	AA-	F1+	£15M	364 DAYS
Skandinaviska Enskilda Banken AB	AA-	F1+	£15M	364 DAYS
<b>Swiss Banks</b>				
UBS AG	A+	F1	£15M	364 DAYS
Credit Suisse AG	A	F1	£15M	364 DAYS

### **Policy of Delegation**

The Code requires the policy of delegation to show who is responsible for which decision, the limits on the delegation and reporting requirements.

The code also requires the responsibilities of council, committee and Chief Officers to be set out. In summary they are as follows: -

**The County Council** – approval of recommendations from the Cabinet and annually the borrowing limits.

**The Cabinet** – approval of the Treasury Management Strategy Statement, and from time to time the review of the Treasury Management Strategy Statement.

**Audit & Governance Committee** – to ensure effective scrutiny of the treasury management strategy and policy, through receiving regular reports from the Chief Financial Officer.

**The Chief Financial Officer** – approval of draft policy statement, regular monitoring of activities and reporting on these activities to Committee.

**Chief Treasury & Pensions Manager** – monitor implementation of policy, review policy, preparation of monitoring reports for the Chief Financial Officer, appointment of money brokers and advisers.

**Finance Manager (Treasury & Investments)** – monitor day to day implementation of policy set and approval of deals on a day to day basis.

**Investment Technician** – carry out day to day deals in accordance with policy.

**Head of the paid service – the Chief Executive** – that the system is laid down and resourced and that the Chief Financial Officer makes the required regular reports to elected members.

**Monitoring Officer – the Head Legal Services** – ensuring compliance by the Chief Financial Officer.

**Internal Audit** – the policing of the arrangements.

In addition to these delegations there is in place a comprehensive system of checks within Corporate Resources involving several members of staff, which operates on each individual money deal



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## People and Communities Overview and Scrutiny Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ on Wednesday, 11 January 2017.

### Present:

David Walsh (Chairman)

Steve Butler (Vice-Chairman)

, Ronald Coatsworth, Barrie Cooper, Fred Drane, David Jones, Ros Kayes, William Trite and Kate Wheller.

### Members Attending

Robin Cook, Cabinet Member for Organisational Development and Transformation

Janet Dover, County Councillor for Colehill and Stapehill

Robert Gould, Leader of the Council

Jill Haynes, Cabinet Member for Adult Health, Care and Independence

Peter Richardson, County Councillor for St Leonards and St Ives

Daryl Turner, County Councillor for Marshwood Vale.

### Officer Attending:

Helen Coombes (Interim Director for Adult and Community Services), Steve Hedges (Group Finance Manager), Fiona King (Communications Officer), Paul Leivers (Assistant Director - Early Help and Community Services) and Helen Whitby (Senior Democratic Services Officer).

### For certain items, as appropriate

John Alexander (Performance and Policy Manager), Richard Bates (Chief Financial Officer), Nicky Cleave (Deputy Director of Public Health), Jonathan Mair (Monitoring Officer), Patrick Myers (Assistant Director - Design and Development), Debbie Ward (Chief Executive) and Sally Wernick (Strategic Lead for Safeguarding and Quality - Adults)

- (Notes:(1) These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the People and Communities Overview and Scrutiny Committee to be held on **Monday, 20 March 2017**.
- 2) **RECOMMENDED** in this type denotes that a decision of County Council is required.)

### **Apologies for Absence**

- 1 Apologies for absence were received from Spencer Flower and Mary Kahn.

### **Code of Conduct**

- 2 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

Councillors Drane and Jones declared general interests in that their wives were in receipt of care.

Councillor Kayes reported that she would be recording a new disclosable pecuniary interest as a member of a group of psychotherapists who had just won a contract to provide counselling for carers. There was nothing of relevance on the agenda which would require her to leave the meeting.

## **Minutes**

- 3 The minutes of the meeting held on 11 October 2016 were confirmed and signed.

## **Progress on Matters Raised at Previous Meetings**

- 4 The Committee considered a report by the Interim Director for Adult and Community Services which set out progress on matters raised at the previous meeting. Three of these related to items on the agenda for the meeting and one confirmed that recommendations made at the previous meeting had been adopted by the Cabinet on 26 October 2016.

## **Noted**

## **Public Participation**

### **5 Public Speaking**

One public question had been received at the meeting in accordance with Standing Order 21(1) and which related to proposed changes to the Registration Service. This is reported at minute 32 below and is included as an annexure to these minutes.

There were no public statements received at the meeting in accordance with Standing Order 21(2).

## **Exploring Options for the future of Local Government in Poole, Bournemouth and Dorset**

- 6 The Committee considered a report by the Chief Executive on the future of Local Government in Bournemouth, Dorset and Poole. The Committee was asked to scrutinise and comment on the report prior to it being considered by the County Council on 26 January 2017.

The Chairman reminded members that their role at the meeting was to consider and comment on the report from the County Council's perspective and how it affected its constituents. Members had a further opportunity to comment as district and borough councillors when the report was considered by them throughout January 2017.

The Chief Executive presented the report in detail summarising previous discussion of the subject at County Council meetings, the case for change report from PricewaterhouseCoopers, financial analysis from the Local Partnership, the results of the public consultation, the involvement of the Shaping Dorset's Future Group and the Leaders and Chief Executives Group. This had led to a common approach being agreed by all nine local authorities on the sustainability of local government in Dorset as set out in the report being considered. Each of the councils would consider the report in January 2017.

A very thorough and rigorous approach had been taken throughout this process and there had been a robust challenge of the figures and principles to ensure that a good evidence base was used to help councillors in their decision-making. Reports had been made available and briefing sessions held for councillors in order to provide time for questions, debate and discussion prior to any decisions being taken. The evidence provided a case for change for local government in Dorset with Option 2(b) - two unitary authorities, one based on Bournemouth, Christchurch and Poole and one on East Dorset, North Dorset, Purbeck, West Dorset and Weymouth and Portland – being the favoured option.

Some members favoured Christchurch being included in Shire Dorset and some spoke in favour of keeping the current close working relationship between the County Council and district and borough councils and the flexibility this provided. Some expressed concern about the transfer of power away from residents and some spoke in support of devolution and the involvement of Town and Parish Councils. In response to the latter point, it was explained that the Shaping Dorset's Future Group

was progressing this. The Chief Executive of the Dorset Association of Parish and Town Councils (DAPTC) had attended the last meeting and the Head of Organisation Development attended the Executive meeting of the DAPTC to progress joint working.

Some members advocated services being provided at the most appropriate level and for decisions to be taken at the most appropriate level nearest to the people affected by them. Some concern was expressed about the increased number of people councillors would represent under any new arrangements and whether this would be “democratic”. The need for strong democratic representation under any new arrangements was highlighted.

In response to concerns expressed about the consultation process, the Chief Executive confirmed that the consultation process followed had been valid and supported by the Department for Communities and Local Government. All the assumptions had been clearly set out and gave a basis on which to take a reasoned financial view. She was confident that the figures gave a basis for financial viability. The Chairman added that Opinion Research Services, who had carried out the public consultation exercise, were confident that the process would stand up to any judicial review.

During the discussion the following additional recommendation was proposed, seconded and agreed:-

“That regard be paid to Christchurch Borough Council and, should that council so request, that Dorset County Council support the inclusion of Christchurch in the new Shire authority.”

With regard to the potential costs of transformation, the Chief Financial Officer confirmed that Government had not indicated that any transformation grant would be provided but authorities would continue to ask for this. If this was not forthcoming, all nine authorities would share the costs, initially from reserves, based upon population. It was hoped that any remaining costs could be capitalised and paid back from savings made as a result of the new authorities.

Following concern about devolution and Town and Parish Council involvement, another recommendation was proposed, seconded and agreed unanimously:-

“That the preparatory work with Town and Parish Councils begun by the Shaping Dorset’s Future Group is further developed to enable a clear process by which downward devolution of powers to third tier authorities can be timetabled and managed.”

The Monitoring Officer confirmed that these additional recommendations, and members’ comments would be included in the minutes to be considered by the County Council on 26 January 2017.

The Chairman stated that he believed in the public consultation and that the views expressed by the public could not be disregarded. He referred back to the minutes of the recent meeting of Christchurch Borough Council which also concluded that more weight should be given to the results of the household survey and he, therefore, supported Option 2b.

The Vice-Chairman thought that recent changes in the Local Government supported the need for fewer councillors but he expressed concerned about the potential of the new city deal for Bournemouth and Poole and how this might affect Dorset’s future. He thought that a model should be created for devolution and that this should be better explained for the public so that it was clear where they should go for the services and to allay concerns about “take-over bids”.

That the County Council consider the following recommendations:-

**RECOMMENDED**

1. That regard be paid to Christchurch Borough Council and, should that council so request, that Dorset County Council support the inclusion of Christchurch in the new Shire authority.
2. That the preparatory work with Town and Parish Councils begun the by Shaping Dorset's Future Group is further developed to enable a clear process by which downward devolution of powers to third tier authorities can be timetabled and managed.

**Corporate Plan: Outcomes Focused Monitoring Report**

7 The Committee considered a joint report by the Interim Director for Adult and Community Services and the Director of Public Health which set out outcome indicators relating to the Committee's areas of responsibility under the Corporate Plan.

The Senior Assurance Manager and the Assistant Director of Public Health presented the report. Members were reminded that the Corporate Plan was based on important outcomes for residents and the Committee's role was to scrutinise progress towards those outcomes under the headings of Independence and Health. The report provided information on the current state of play in these areas and highlighted areas where improvement was needed so that the Committee could identify areas for scrutiny. Members noted that some data within the report was out of date but information included on the outcomes tracker which could be followed through the link provided in the report was current. It was also explained that some trends had been misidentified and showed a worsening situation when the long term trend was more even. Members noted that a few outcome indicators were still being developed.

Members welcomed this report and the detail contained within it. It provided areas of interest and concern and it was suggested that further consideration would be needed to identify areas for future scrutiny, possibly by way of a workshop.

There was some discussion about information concerning SEN transport and self-harm, and the need for psychological health education in schools and increased mental health services to help address this for children. Particular concern was expressed about the worsening direction of travel for many areas.

The Interim Director for Adult and Community Services Committee highlighted that activity undertaken did not necessarily mean that this was having any impact on outcomes and if there was no impact that activity should be refocused. She also explained that Dorset may not follow national trends and she cited the example of delayed discharges where there had been a recent improvement in Dorset compared to the worsening situation in the rest of the country. She asked the Committee to help identify where resources should be focused in order to improve outcomes for residents.

**Resolved**

That Cllr Ros Kayes (Lead Member), Cllr Kate Wheller and John Alexander complete a scoping report to help identify items for scrutiny for consideration at the Committee's next meeting.

**Hate Crimes - Quarter Two 2016/17**

8 The Committee considered a report by the Assistant Director for Design and Development which provided an update on Hate Crimes for Quarter Two 2016/17, as requested at the Committee's last meeting.

The Assistant Director reminded the Committee of the Council's duty of care under the Equality Act to address hate crime issues. Whilst the number of crimes was low, there had been an increase in incidents in all areas, although this had subsequently reduced. However, there was a need to get a better understanding of the figures and more work was being undertaken with regard to the local impact of crimes against the disabled and those with mental health issues. He suggested that the Committee might like to hold an Inquiry Morning to consider current and planned activity which helped the Council fulfil its public sector equality duty and how that activity was supporting the reduction in hate crime and incidents.

Questions were posed as to whether any reported incidents were mischief-making, whether the peaks in July were related to the influx of holidaymakers and they reported their own experience of hate crimes. They recognised the importance of continuing to monitor the situation and for them to encourage action to be taken to address hate crime. They noted the role of Dorset's Safeguarding Boards, the Community Safety Partnership and the Police and other partners to address hate crime.

Members supported the suggestion of holding an Inquiry Morning and Councillor David Jones would act as Lead Member for this review.

### **Resolved**

1. That an Inquiry Morning be held to consider current and planned activity which helped the Council fulfil its public sector equality duty and how that activity was supporting the reduction in hate crime and incidents.
2. That the Inquiry Panel comprise Steve Butler, David Jones (Lead Member) and David Walsh.
3. That other County Councillors be contacted to see whether they would want to be involved in this review.

### **Policy Development Panel on Registration - Final Report**

- 9 The Committee considered the minutes of the final meeting of the Policy Development Panel on Registration held on 2 December 2016 and its report on future Registration Service proposals.

A question had been submitted under the Council's Public Participation arrangements by Councillor Jon Andrews, Sherborne Town Councillor, which related to changes to the Registration Service provided in Sherborne. This, and the response provided, is attached to the minutes as an annexure.

Comments had also been received from the County Councillor for Rodwell, who supported the retention of a service in Weymouth. Her comments are included in the annexure to the minutes.

The Chairman of the Policy Development Panel presented the Panel's report and drew attention to an amendment to it in that Option 5C(h) should be italicised, not Option 5C(e) as shown in the report. He explained that the review had taken nearly a year and had proven more complex than originally anticipated. The review had been detailed, the need to make financial savings accepted, and had led to the recommendations put forward which would cause least disruption. He confirmed that Town Councils had agreed to financially support outreach services in Gillingham, Sherborne and Swanage. Officers were thanked for their work in supporting the Panel. The Assistant Director – Early Help and Community Services highlighted the success of the Service which was self-funding and reminded members that the Panel had been established to address potential forthcoming legislative changes to marriage ceremonies and budget pressures arising.

### **Recommended**

That the Cabinet approve:

1. That the service provided be developed into a more customer focussed service, through six office locations across Dorset (at Blandford, Bridport, Dorchester, Ferndown, Wareham and Weymouth) and for outreach services to be provided at (Gillingham, Sherborne and Swanage), subject to Town Council support being secured for the outreach services.
2. That the service be based on seven ceremony rooms across the County. (At Blandford, Bridport, Ferndown, Gillingham, Sherborne, Swanage and Weymouth this reflects the present circumstances, however, as property matters emerge in the future it might be appropriate to make changes to these arrangements).
3. That Officers be encouraged to develop a schedule of fees and charges based on a full cost recovery model in relation to ceremonies, and to authorise the Assistant Director - Early Help and Community Services, after consultation with the Cabinet Member for Health, Care and Independence, to set the schedule.
4. That the Tell Us Once service for deaths be retained, and the service for births be withdrawn.

### **Policy Development Panel on Community Capacity Building and Social Isolation**

- 10 The Committee received an update on progress with the Policy Development Panel on Community Capacity Building and Social Isolation.

The Chairman, as Lead Member for the review, explained that the completion of the scoping document had shown how complex this subject was and further consideration was needed prior to the Panel's first meeting.

### **Noted**

### **Update on Inquiry Day into the Quality and Cost of Care**

- 11 The Committee received an update on progress with the Inquiry Date into the Cost and Quality of Nursing and Residential Care across Dorset. This was to be held on Monday, 13 February 2017 and would involve four evidence gathering sessions. Representatives from the Council's quality improvement team and commissioners, service users, carers, Healthwatch, the Dorset Clinical Commissioning Group and the Care Quality Commission would be attending.

The Senior Democratic Services Officer was asked to re-send members details of the day.

### **Noted**

### **Update on Fair Charges for Care and Support**

- 12 The Committee received an update on Making Charges Fairer for Adult Social Care, which included reference to the work of the Executive Advisory Panel on Pathways to Independence and highlighted that any recommendations would be considered by the Cabinet in March 2017.

### **Noted**

### **Work Programme**

- 13 The Committee considered its work programme.

Additional items to be added to the work programme were set out in minute numbers 7 and 8.

### **Noted**

**Questions from County Councillors**

14 No questions were asked by members under Standing Order 20(2).

Meeting Duration: 10.00 am - 12.30 pm

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## Safeguarding Overview and Scrutiny Committee

Minutes of the meeting held at County Hall, Dorchester, Dorset,  
DT1 1XJ on Thursday, 19 January 2017

### Present:

Pauline Batstone (Chairman)  
Mike Lovell, Toni Coombs, Beryl Ezzard and Daryl Turner

### Members Attending

Trevor Jones, County Councillor for Dorchester  
Deborah Croney, County Councillor for Hambledon  
Robert Gould, Leader of the County Council  
Rebecca Knox, County Councillor for Beaminster

Officer Attending: Sara Tough (Director for Children's Services), John Alexander (Performance and Policy Manager), Paul Beecroft (Communications Officer (Internal)), Vanessa Glenn (Assistant Director for Care and Protection), Jay Mercer (Assistant Director for Prevention and Partnerships), Patrick Myers (Assistant Director - Design and Development), Mark Taylor (Group Manager - Governance and Assurance), Sally Wernick (Strategic Lead for Safeguarding and Quality - Adults), Tim Wells (Senior Manager - Prevention and Partnerships), Tom Wilkinson (Children's Services and Interim Chief Pensions and Investments Manager) and Fiona King (Senior Democratic Services Officer).

### For certain items, as appropriate

Ann Evans, Citizens Advice Bureau  
Andrew Kerby, North Dorset District Council.

(Note: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Safeguarding Overview and Scrutiny Committee to be held on:  
**Wednesday, 15 March 2017**)

### Apologies for Absence

1 Apologies for absence were received from Steve Butler and Mike Byatt.

### Code of Conduct

2 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

### Minutes

3 The minutes from the meeting held on 5 October 2016 were agreed and signed.

### Matter Arising

Minute 16 – Looked After Children – In relation to unaccompanied asylum seeker children, the Cabinet Member for Learning, Skills and Children's Safeguarding updated members following a report to Cabinet the previous day. She provided a summary of the progress to date to resettle 13 children, and highlighted that the number could increase up to 54, together with the care provided. However, it was made clear that the resource and cost received had been assessed for each child and was not realistic. She would therefore make representations to Government to improve the scheme in line with the Syrian Refugee Resettlement Programme which was fully funded. Cabinet would consider removing the County Council from the voluntary scheme if it was not fully funded.

## **Public Participation**

### **4 Public Speaking**

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public statements received at the meeting in accordance with Standing Order 21(2).

### **Petitions**

There were no petitions received at the meeting in accordance with the County Council's Petition Scheme.

## **Update on Ofsted Recommendations**

- 5 The Director for Children's Services updated members on the progress of the Ofsted recommendations. She advised that they remained on track and work was ongoing to update documents to ensure there were clearer and specific delivery dates. More detail on the progress was due to be discussed at the next meeting of the Corporate Parenting Board and she assured members that this was being reviewed regularly.

The Director felt they were now in a confident position with regard to addressing the recommendations as required by Ofsted.

### **Noted**

## **Progression of Early Health Care Plans (EHCPs) and Post 16 residential placements**

- 6 The Committee considered a report from the Director for Children's Services which updated members on the significant improvement in the 2016-17 academic year on timescales for new Education, Health and Care Plans (EHCPs).

The Assistant Director for Prevention and Partnerships updated members on the national picture, progress on the strategic development plan and a review of the progress in more detail. He highlighted the focus on financial implications especially in respect of schools. Members' attention was drawn to the section of Post 16 Placements and the Mental Capacity Act in the report following a discussion at their last meeting on 5 October 2016.

The Chairman, in her role as the Member Champion for Diversity (including Disability), highlighted that a number of the reports noted that an Equalities Impact Assessment was not applicable and she felt that this need to be sharpened up.

Following a question from the Vice Chairman about inspections, the Director advised members that they had just been notified of an Ofsted/Care Quality Commission (CQC) 5 day SEND (Special Educational Needs and Disability) Inspection on 23 -27 January 2017. The nature of the inspection would be quite broad, it was not just on special educational needs but also child protection issues, education attainment and opportunities available. The inspection was not just of a specific team or teams it was how Dorset as a local area performed. Once the outcome was known the Director undertook to report back to this Committee.

Following a question from the Chairman concerning out of county provision and whether this was the best or only provision available, the Assistant Director for Prevention and Partnerships advised, that here were some very specialist needs that were not provided for in Dorset and there was a strategic review of provision in Dorset ongoing.

One member expressed concern that in relation to a particular issue in her area, there were not enough special educational need places in the local community schools

currently being provided for. The Director undertook to discuss this further with the member outside of the meeting.

### **Noted**

#### **Apprenticeships in respect of Looked After Children and Care Leavers**

7 Members considered a report by the Director for Children's Services regarding the development of a full range of opportunities for work experience, traineeships and apprenticeships for care leavers in order to increase the number who were in employment, education or training as recommended by Ofsted at their recent inspection.

The Assistant Director for Care and Protection advised members that whilst the delivery of the new whole apprenticeship scheme for Dorset County Council sat with the Human Resources department this report focussed on the opportunities available for Looked After Children (LAC) and Care Leavers. Currently there were no LAC on a DCC apprenticeships but there were a number of LAC on apprenticeships outside of the County Council. Further work was ongoing to promote LAC securing an apprenticeship.

The Chairman expressed an interest in the approach to develop a young persons' interview skills, as although LAC were guaranteed an interview, they had not as yet been successful in securing an apprenticeship.

The Director advised members there was an opportunity for this Committee to influence in this area, it was also a high priority for the Corporate Parenting Board.

The Cabinet Member for Learning, Skills and Children's Safeguarding advised members there needed to be a whole system approach to corporate parenting and there was a challenge to the whole council that they were corporate parents first and foremost. She highlighted the importance of assessing the needs and requirements in the interviews for this particular group of children. She drew members' attention to the timetable in the Director's report and advised that this would be a blueprint for the work to be taken forward. Shared discussions from other meetings to date had produced really encouraging outcomes in terms of LAC.

Following a question from a member about virtual school pupils, the Assistant Director for Care and Protection advised that this was a concept that had been in place for the past 10 years and was led by a virtual headteacher. The role would coordinate the education of LAC in relation to achievements, SEN, attendance and any activity relating to their educational achievement. They were involved in care planning and pathway planning and this was all done through the schools that these children attended. The Assistant Director for Care and Protection added that LAC faced more challenges than some of their peer groups in mainstream schools. Virtual schools gave LAC additional help, guidance and support.

In response to a question about budget implications in respect of the public sector duty, the Group Finance Manager advised that the apprenticeship levy was half a percent on the employers pay bill. The money raised from this was recirculated to the paying authority for them to then invest in expanding the numbers. For example in Dorset County Council there would be around 92 apprenticeships and LAC could take part in this scheme.

One member felt that with the variety of services that the County Council provided we should be able to accommodate the needs of our LAC. Although she recognised that many were totally unprepared and for some a major challenge sometimes was just getting out of the house.

The Vice Chairman felt that members needed to accept their responsibility of being a corporate parent and following the next elections part of the next induction should include a session emphasising what this entailed.

The Director felt there was an opportunity for this Committee to see the direction of travel in terms of children seeking apprenticeships. The Group Manager for Governance and Assurance noted that a report later on the agenda provided a level of outcomes focused monitoring information against those key priorities contained in the Corporate Plan to track progress. However, where required, more detailed reports could also be provided on specific topics. These would help support the Committee to more fully understand what actions were currently being taken, either by the County Council or by partner organisations, towards better outcomes.

### **Resolved**

That members endorsed the established reporting process and the opportunity to seek further information on specific topics as required.

### **Reason for Decision**

To provide an update on the activity taking place to promote apprenticeship opportunities to Care Leavers and Looked After Children.

## **Family Partnership Zones**

- 8 Members considered a report by the Director for Children's Services which informed members of the establishment of Family Partnership Zones and described their multi-agency partnership approach. Members were advised that a programme of engagement within each zone was now underway.

The Assistant Director for Design and Development highlighted anti-social behaviour (ASB) and noted how this was monitored. It was not easy to identify areas of ASB undertaken by children and young people by the data. The aim of reducing the number of LAC was very reliant on family partnership zones being effective across the whole system.

The Chairman welcomed Cllr Kerby, the Chairman of the Dorset Community Safety Partnership and member for North Dorset District Council to the meeting. Cllr Kerby had expressed concern about ASB and work was ongoing with the community safety partnership to try and draw some conclusions. He undertook to share that report with this Committee at its next meeting on 15 March 2017.

The Assistant Director informed members of a report that went to the recent People and Communities Overview and Scrutiny Committee regarding hate crime. He highlighted the correlation of data now and data in the summer, which showed an increase in July and August 2016 of these type of incidents and in some areas a particular trend.

The Cabinet Member for Health, Wellbeing and Communities in her role as Chairman of the Pan Dorset Community Safety Partnership advised members of the work that had been undertaken to try to identify links between drug and alcohol abuse which were not necessarily recorded by the Police.

Following a question from the Chairman about the Multi Agency Safeguarding Hub (MASH) the Director advised that the team had moved into Poole Police Station in early January 2017 and were also sharing space with Bournemouth. All teams were working collaboratively and sharing information, the quality of which was very helpful. The MASH promoted a family approach, not just working with the children but with the entire family. She also confirmed that children and families could self-refer.

### **Noted**

## **Personal Independence Payments**

- 9 Members considered a report from the Citizen's Advice Bureau which highlighted an investigation in to Personal Independence Payments (PIP).

The Chairman welcomed Ann Evans, the Advice Services Manager from the Citizens' Advice Bureau (CAB) in Dorchester to the meeting. She drew members' attention to the research and campaign work part of CAB which looked at what problems people were having and recorded things that appeared unfair.

All work was evidence based and showed that a high number of problems were being experienced with Personal Independence Payments (PIP) which had taken over from the disability living allowance. She highlighted that this was a national problem but was hugely affecting people within Dorset. The poor quality of medical assessments being carried out was also highlighted. This resulted in months of waiting for an appeal and virtually every appeal the CAB attended was won, which reflected the poor decision making by the Department of Work and Pensions (DWP). The whole system was disadvantaging people and the CAB were still seeing the same number affecting the most vulnerable people in local communities.

One member highlighted the people with terminal illnesses and the delays they experienced in getting the hospital consultants to sign the forms to say they were eligible to apply for PIP.

The County Councillor for Dorchester, who also represented West Dorset as a liaison member for the CAB, felt this was a very powerful report and hoped that the County Council would lend its support to the problem.

The Director undertook to liaise with the Interim Director for Adult and Community Services to see if collectively they could gain support. As it was a national issue she would see if the Association of Directors for Children's Services (ADCS) were also picking this up. She also felt that a joint letter to Department for Education (DFE) and Department of Health (DoH) could be a useful route.

The County Councillor for Dorchester felt sure that the Dorset MPs must be aware but to date no effective action to bring about a positive change had been made. The Chairman urged the CAB to bring it to the Dorset MPs attention.

The Chairman suggested writing to the DWP drawing this report to their attention and asking for their comments. One member suggested contacting the Clinical Commissioning Group (CCG) with reference to hospital administrative delays.

The Group Manager for Governance and Assurance acknowledged that this particular issue clearly demonstrated how the new Overview and Scrutiny Committees were taking interest in a much broader view of outcomes across Dorset, rather than just those issues or services that were delivered directly by the County Council. The potential for the County Council to lend its support in calls for improvement in the PIP process was about being outcome focussed, looking for better outcomes for individuals. This demonstrated a great strength in organisations joining together.

### **Resolved**

1. That a letter be set to the Department for Work and Pensions (DWP) setting out members' concerns.
2. That the Director raise the issue with the ADCS.
3. That the Director write a joint letter with the interim Director for Adult and Community Services to DFE and DoH.

## **Domestic Abuse - Key Areas of Challenge**

- 10 Members considered a report by the Interim Director for Adult and Community Services which looked at the key areas of challenge for both Children's and Adults Services and provided members with some background information on domestic abuse in Dorset.

The Strategic Lead for Safeguarding and Quality proposed that members received regular updates on the work of the Children's and Adults Safeguarding Boards along with updates on the progress of the Pan Dorset Domestic Abuse Strategic Group action plan at future meetings.

Following a question about the work including the District and Borough Councils, the Strategic Lead for Safeguarding and Quality confirmed that each of the districts had an individual co-ordinator.

One member was surprised that Dorset had such high figures, the officer noted the importance of understanding what was triggering it and prevention was key. It could be that officers were not focussing efforts where they should be.

The Director commented that a good starting place was to understand the scale of domestic abuse in Dorset and information from the MASH would be really helpful. The majority of enquiries at the hub were domestic abuse reports, high risks were followed up but the majority were not so serious but would help officers to respond in a different way using the family partnership zones.

One member felt that as this was the first of many reports for this Committee to monitor it would be helpful to see how members could continue its work and focus on such topics outside of the formal meetings and then bring information back to the Committee for debate and identify recommendations to the Cabinet.

The Chairman made reference to elderly care abuse which she felt was a 'grey' area. The Strategic Lead for Safeguarding and Quality felt it was simply not just about a breakdown with carers but abuse and there were complex elements involved.

The Strategic Lead for Safeguarding and Quality undertook to lead an Inquiry Day to look at domestic abuse and invite people from the statutory and voluntary agencies as well as colleagues from the Districts and Boroughs. Cllr Kerby felt it would be helpful to use the Community Safety Partnership as a vehicle for this as district members were also part of this. It would also be useful to have some input from organisations that were working well, some hospital data would be helpful also.

The Chairman undertook to support the officer with the scoping of the day and the Director would suggest a colleague to represent Children's Services.

### **Resolved**

1. That members receive updates on the progress of the Pan Dorset Domestic Abuse Strategic Group action plan.
- 2 That an Inquiry Day be arranged to look at domestic abuse with an update for members at the next meeting on 15 March 2017.

### **Reason for Decisions**

To monitor and comment on the work of the Adult and Children's Services and their partner agencies to be satisfied that they were working together effectively to improve the safety of adults and children and to prevent and reduce incidents of violence and domestic abuse.

### **Corporate Plan: Outcomes focused monitoring report**

- 11 Members considered a report from the Lead Director which provided members with a summary of the 'Safe' indicators along with a detailed analysis.

One member commented that the format of Appendix 2 was excellent but felt it should include longer timelines. In respect of the lack of benchmark data for the 'crime indicator' he felt the Police should be able to assist with this. He highlighted the importance of members being able to access current data on a daily basis. The Policy and Performance Manager explained this could be accessed online in the form of the Dorset Outcomes Tracker. It was important that the data was owned by the directorates and kept as up to date as possible. He undertook to raise this as an issue at the Planning and Learning Group to ensure that the most up to date data was readily available. Members felt it would be helpful to have a training session on the use of the outcomes tracker.

#### **Noted**

### **Work Programme**

- 12 The Committee considered its Work Programme and gave consideration to the inclusion of a number of items. The Group Manager for Governance and Assurance advised members that the work plan provided a guide for members of potential areas for overview and scrutiny work, but it was for elected members to decide upon those topics that they believed to be of greatest value to focus on.

The Committee referred to other outcome priorities under the safe outcome which fell under its remit and cited those who were Killed and Seriously Injured (KSI) on Dorset roads. The Committee was eager to understand more and, in particular, review the various causes and forces that gave rise to such incidents to establish whether there were any common themes, or location data. It was agreed that highways officers would be asked to build upon their previous informal briefing session and provide a briefing report for members to start discussions at their next meeting on 15 March 2017. Additional items for this meeting would also include an update on Domestic Abuse/Violence, a report on Adult Abuse – Carer's Abuse, an update on Apprenticeships – transition, and a report from the Community Safety Partnership.

#### **Noted**

### **Questions from County Councillors**

- 13 No questions were asked by members under Standing Order 20(2).

Meeting Duration: 10.00 am - 12.10 pm

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## Economic Growth Overview and Scrutiny Committee

Minutes of the meeting held at County Hall, Colliton Park,  
Dorchester, Dorset, DT1 1XJ on Wednesday, 25 January 2017

### Present:

Daryl Turner (Chairman)

Hilary Cox, Richard Biggs, Andy Canning, Ronald Coatsworth, Mike Lovell and William Trite

Officers Attending: Mike Harries (Director for Environment and the Economy), Mark Taylor (Group Manager - Governance and Assurance), David Northover (Senior Democratic Services Officer) and Michael Carhart-Harris (Senior Communications Officer) and Dugald Lockhart (Superfast Dorset Senior Programme Manager).

### Participants

Grant Munn - BT, Senior Programme Manager  
Steven Earwicker - Kimmeridge resident  
Carol Matthews - Charlton Down resident  
Archie Ruddick - pupil, The Thomas Hardy School  
Jordan Moon - pupil, The Thomas Hardy School  
Jon Dean - Assistant Head, The Thomas Hardy School  
Neville Loder - Tenant, Dairy Farm, Osborne - County Farms Estate

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Cabinet to be held on **Monday, 27 March 2017.**)

### Apologies

1 Apologies for absence were received from Mike Byatt, Mervyn Jeffery and Margaret Phipps.

### Code of Conduct

2 There were no declarations by members of disclosable pecuniary interest under the Code of Conduct.

### Minutes

3 The minutes of the meeting held on 12 October 2016 were confirmed and signed.

### Public Participation

4 There were no public questions, statements or requests to speak received.

### Scrutiny of delivery of Digital Infrastructure Strategy

5 Arising from discussion at the meeting on 12 October 2016, the Committee took the opportunity to scrutinise the progress being made in implementing the County Councils' Digital Infrastructure Strategy, what this entailed, how it was applied and the progress being made in making connectivity improvements. The report by the Service Director – Economy set out what successes there had been in making improvements, how these had been achieved and by what means. The attention of the Committee was drawn to the progress made to date of the Council's Superfast Dorset Programme which provided gap funding to support the rollout of broadband in areas not deemed commercially viable by infrastructure providers.

The Committee was informed that the Strategy was designed to set out the overall vision and approach to transform Dorset into a digital economy in order to fully realise

strategic benefits of economic growth, digital inclusion, transformation of public services and opportunities for individuals and communities across Dorset. The Strategy included reference to the speed and coverage of broadband, and the opportunities for Mobile 4G/5G to play a part in this.

Of particular importance to the Committee was to know how improvements might continue to be delivered, with a specific view to identifying solutions to meet the needs of those currently having limited, little or no reception and to understand what was being done to achieve this.

As part of this process, the opportunity was being provided for service providers and users to join the meeting to explain to the Committee:-

- The part being played in providing Superfast Broadband and connectivity to Dorset residents and what was being done to reach those areas identified as having limited, little or no reception; and
- What connectivity meant to those receiving the service, how their needs were being met and what the Strategy might be able to do for them in improving that service.

The invitees were given the opportunity to address the Committee so that they might hear what they had to say about the Strategy and for members to ask questions of them in order to gain a better understanding of how superfast broadband was being delivered across the county and what part the Committee might play in enabling this.

The Committee was being asked to assess the progress being made and how improvements could continue to be made for accessibility to broadband. It was considered that the benefits to Dorset from this could well lead to the generation of significant economic and social prosperity. The Committee recognised that delivering the Superfast Broadband initiative was integral to the delivery of services in a more direct, flexible and accessible way.

In setting the scene, the Cabinet Member for Economic Growth explained how important connectivity was considered to be for the prosperity of Dorset and having the means to access it was considered to be essential. Giving all residents the same opportunity to access it was an obligation the Council was determined to fulfil and all was being done to achieve this.

The Committee first heard from Grant Munn of BT who explained what had already been achieved, including what had been done to extend coverage to hard to reach communities. He outlined what might yet be able to be achieved and the technologies available in doing this; the areas of coverage and the speeds associated with this; and what limitations there were in being able to achieve all that they might.

Members were informed what Fibre to the Cabinet (FTTC) was able to achieve in comparison to Fibre to the Premise (FTTP) and Mr Munn showed how the relationship between the cabinet and the premises determined what broadband speeds were available to an individual property. He explained the technologies associated with this and how these were being applied, the process for deliverability and what practicalities there were. Innovations in technologies to improve how broadband could be delivered were constantly evolving, with wireless and satellite technologies playing a significant part.

He considered that communities should be encouraged to contribute towards the means of initiating schemes via the Community Fibre Partnership arrangements available to them and felt that this approach was critical in any successful delivery.

Overall he confirmed that BT remained committed to working in partnership with

Superfast Dorset to ensure the maximum coverage possible was available.

The Superfast Dorset Senior Programme Manager outlined progress being made in the delivery of the Superfast Broadband Programme and what this entailed. This included what Superfast Dorset had already been able to achieve; what might be able to be achieved and, critically, what was being done to extend coverage to hard to reach communities which had limited, little or no reception. The Committee's attention was drawn to the practicalities and technicalities of delivering the project and what was being done to improve accessibility to it.

The Superfast Dorset project aimed to deliver the most appropriate Superfast broadband solution practicable, maximising benefits in a cost effective manner across the business and domestic community where it was not deemed to be otherwise commercially viable. The Strategy provided a basis for the successful delivery of superfast broadband. In particular, it was considered that the work of the Committee would help to play a significant part in transforming the strategy into the delivery of outcomes.

The relationship between BT, BDUK, Superfast Dorset and the County Council and the part each played was outlined; along with the technologies involved; the areas of coverage and speeds associated with this. How the Council played its part in facilitating accessibility and delivery was drawn to the Committee's attention. The current Superfast Dorset contract had now reached 97% of the premises in Dorset, including Bournemouth and Poole. Reaching the final 3% and identifying solutions for their connectively remained a considerable challenge.

Officers reported that since January 2016 work had been taking place to identify "not spots": areas that would still be left without access to superfast broadband once all current activity had been completed. Given that the Government had made a commitment that universal access to the internet was by right - comparable to any other utility - and that this should be fulfilled by 2020, the Council was committed to facilitating that commitment.

The contract which had been entered into with BT in 2013 was designed to provide a step change in the capability of individuals and businesses to access fast and reliable broadband and in the means of delivering this. Whilst this had proven to be successful, it had been recognised from the outset that a small proportion of premises would be unable to access superfast broadband for the funding level which had been agreed and that there would have to be alternative means of achieving this. Given that the contract with BT was now nearing completion and having achieved as much as it already had over the 4 years, the need to identify alternative means was becoming more critical. However as future contracting arrangements were currently in the process of being considered, little more could be said about this at this stage.

As an example, officers explained what could be achieved at Thornford and Thorncombe and what obstacles still prevailed in such places. Improved mapping for each community/parish was assisting considerably in identifying where "not spots" occurred and officers emphasised that it was critical how this data was interpreted to ensure focussed activity was targeted appropriately.

Flexibility in modelling was essential to ensure that the means of delivering what was right for a particular community was practicable. Officers considered it crucial that local communities were engaged in the process to determine their ambitions and aspirations. Officers considered it fundamental for broadband provision to be accommodated within the construction design for any new housing development and developers should be made aware of this aspiration.

How the Programme was funded was explained including the part both the voucher

scheme and the Better Broadband Subsidy Scheme played in the process and how they could benefit accessibility to broadband. These schemes provided the basis to enable individuals and communities to gain access to progress schemes in their own right that might not otherwise be readily available to them. Critical to the success of the Programme was take up and how this might be best encouraged. It was hoped that once the benefits were seen, then take up would escalate. It was seen to be in the interest of all that the greater the rate and volume of take up, the more funding would be available for investment back into the Programme via the "Gainshare" initiative.

Officers reaffirmed what investment the County Council along with other public bodies, in partnership with BT, were making in fulfilling their commitment to rolling out broadband via the Superfast Dorset Programme.

The Committee acknowledged the progress being made and the processes involved in delivering it. However it recognised that economic, commercial and technological barriers remained. Nonetheless, the Committee fully understood the socio-economic benefits that connectivity brought.

The Committee heard from Stephen Earwicker who explained that, in his time as a GP, there had been a need for access to a reliable internet connection, which did not exist when he settled in Kimmeridge 11 years ago. In order for him to be able to effectively fulfil his duties, he realised - along with the community as a whole - that improvements were necessary. He explained the inadequate arrangements previously experienced and what action had been taken to rectify this. However recently significant improvements had been made in that an independent provider, VoIP, had arranged for the village's reception to be beamed across Weymouth Bay from Portland, with discrete dishes channelling this into homes. Given that The Etches Collection - Museum of Jurassic Marine Life had recently opened in the village, this had attracted interest for improved broadband coverage. The benefit this had brought to the community was immeasurable. The Committee considered that, where practicable, more communities should adopt this approach, in identifying a distinct anchor feature to primarily benefit from improved broadband provision which might, in turn, serve to attract commercial interest for improved provision to benefit all.

Carol Matthews addressed the Committee to highlight what benefits she had seen at her home at Charlton Down as a result of FTTP being installed. Significant improvements had now been made to the internet speed accessible to her, this having a positive effect on what she was able to readily access.

Archie Ruddick and Jordan Moon explained what limited access they had to online opportunities where they lived in Moreton and Piddlehinton respectively. This limited coverage, both for internet and mobile phone usage, denied them opportunities that were available to other students at the Thomas Hardy School to study and socialise. With an expectation that coursework and homework could be readily accessible and completed on line, they were disenfranchised by the current arrangements, not least because their transport arrangements prevented them from using of the school's IT suite at the end of the school day. They considered that a more readily available and reliable service would be of considerable benefit to both of them. Jon Dean confirmed that there was a general expectation that pupil's homework would be accessible on line and sympathised with the situation in which the boys found themselves.

The Committee was informed by officers that it was hoped that both Moreton and Piddlehinton would in the near future benefit from improvements to digital accessibility and as a means of going some way to identifying a practical solution in the first instance, the Service Director – Economy agreed to investigate what could be done to better manage their travel arrangements to fit in with the boy's ability to use the school's IT after school hours. Officers also agreed to take the opportunity to look at

how the school's internet grant scheme could be applied to see if it was possible to address the pupil's need by this means.

Finally, Neville Loder, tenant at Dairy Farm on the County Farms Estate, addressed members about what accessibility to broadband meant for the way in which he was able to manage his farm. Whilst he had access to basic broadband, his experience was that this was limited, unreliable and intermittent. As well as the practical application for how the farm was run on a daily basis and in addressing rural isolation, having access to reliable superfast broadband was now a fundamental requirement in how farming businesses were managed, with this being essential in how submissions were made to DEFRA. Access to market information and how produce was bought and sold was equally necessary. Equally important to Mr Loder in how the farm was run was the need for accessibility to a strong and dependable mobile signal for communication purposes.

So as to go some way to addressing the issues raised, given the importance of the rural economy to the prosperity of Dorset, the Committee agreed that the Chairman of the County Farms Liaison Panel, Councillor Hillary Cox, should write on their behalf to DEFRA drawing their attention to the issues raised and stating that if there was an expectation that returns to DEFRA should be made on line, then the means of submitting this should be improved.

The Committee then took the opportunity to discuss the merits of the progress being made and agreed that, in principle, every effort should be made to facilitate the provision of Superfast Broadband throughout the County, which demonstrated the Council's continued commitment towards this. The importance that universal provision of Superfast Broadband to the future economic and social prosperity of Dorset was acknowledged.

Whilst appreciating the principle of the Strategy and what it was designed to achieve, the Committee considered that there was now the need to identify more readily how outcomes could be delivered and by whatever means was possible and practical. As such an update was requested of their meeting in June 2017 on what further improvements were being made within the Programme and, critically, on how 4G/5G mobile phone coverage could be improved and signal coverage maximised.

Members appreciated the commitment being made to try to identify a means by which Superfast Broadband provision might be made more readily accessible to hard to reach communities within Dorset and how this might be delivered. Accordingly, the County Council was obliged to investigate the practicalities of delivering a Superfast solution, either by conventional, terrestrial means or by alternative technologies and suppliers.

The Committee empathised with communities, individuals and businesses who continued to operate with inefficient broadband and it was an ambition that fast and reliable broadband should be made available to all. It was recognised that prosperity in Dorset could be achieved through economic growth, with the most effective and efficient way of achieving this being by investing in digital infrastructure and skills. Accordingly, the Council remained committed to successfully providing the means by which greater accessibility to Superfast Broadband might be achieved and the value this brought.

Members thanked all those who had contributed to the debate. How the meeting had been conducted reflected a positive approach that was designed to be more dynamic in its delivery process so that members could have that better understanding of what connectivity meant to residents of Dorset and what was being done to achieve this. They appreciated having the opportunity to hear from those members of local communities direct in telling their own broadband stories. Hearing from a cross

section of Dorset residents on what they considered worked well, what worked not so well and what improvements could be made was fundamental in their understanding of what outcomes might be realised. Hearing how residents of rural communities had worked direct with third parties to realise their own small-scale community broadband schemes was enlightening and showed what could be achieved.

By introducing this participatory approach, Councillors were pleased to be able to engage directly with members of the community to hear what difference had been made - or not - to their lives. This approach was seen to bring about greater accountability for outcomes to the democratic process so as to delivering the most appropriate solutions for the people of Dorset.

Given what they had heard, the Committee agreed that the following outcomes should be actively pursued:-

- That broadband provision was fundamental within the construction design for any new housing development and developers should be made aware of this aspiration.
- That critical to the success of the Programme was to encourage take up and how this might be best pursued.
- That the Chairman of the County Farms Liaison Panel, Councillor Hillary Cox, be asked to write to DEFRA drawing their attention to the issues raised on behalf of the farming community about improved access to broadband to meet DEFRA's own expectations.
- That the Service Director – Economy investigate the practicalities of how school travel arrangements might be managed to meet the needs of those wishing to access facilities after school.
- That the Committee receive a report updating on how 4G/5G mobile phone coverage could be improved and signal coverage maximised and what further improvements were made to the superfast programme.

#### **Resolved**

That the Superfast Dorset Programme and Strategy continue to be endorsed and the actions set out in bullet points above be actively pursued.

#### **Reason for Decision**

In the interests of enabling economic growth and to engage with the residents of Dorset in identifying practical solutions and positive outcomes.

#### **Notice of Motion Clause 21 of the Bus Bill/ Bus Subsidies Working Group**

6 The Committee took the opportunity to consider the motion 'Clause 21 of the Bus Bill' proposed by Councillor Ros Kayes, County Councillor for Bridport which was primarily concerned with effect the Bill would have on effectively prohibiting a local authority from forming a company for the purposes of providing a local bus service, which might in turn have an adverse effect on the effectiveness of any combined authority. As the motion considered that Clause 21 contradicted the general powers of competence and the spirit of the Localism Act 2011 and given the weight of public support for local bus services, it asked for support that Clause 21 should be omitted from the Bus Services Bill and that a submission be made to the Secretary of State on this matter.

A statement was circulated to the Committee from Councillor Kayes further emphasising the importance of opposing Clause 21.

The Committee supported the broad principle of the motion and considered it appropriate that Cabinet be asked to endorse this.

#### **Resolved**

That the Chairman of the Committee, the Cabinet Member for the Environment,

Infrastructure and Highways and the Director for Environment and the Economy write to the Secretary of State on the basis of the motion.

### **Recommended**

That Cabinet be asked to endorse the approach taken by the Committee and their broad support for the principle of the motion, and that the Leader might consider agreeing to add his name to the letter being written by the Chairman of the Committee, the Portfolio Holder and the Director for Environment and the Economy.

### **Corporate Plan: Outcomes Focused Monitoring Report**

7 The Committee considered a joint report by the Chief Executive and the Director for Environment and the Economy which drew attention to the set of “outcome indicators” to measure performance related specifically to the prosperous outcome within the Corporate Plan.

The Committee agreed that the improved take up of Superfast Broadband should be actively pursued given that access to digital connectivity was fundamental to all that the County Council was trying to do. They Committee recognised that members had a key role to play in what progress might be made and how this could be done.

Members found Appendix 2 of the report to be the most helpful in their understanding of what progress was being made and their attention was drawn to the “outcomes tracker” for their use.

Members felt that whilst emphasis was placed on exception reporting in identifying what interventions might be appropriate, successes and improvements should also be recognised to demonstrate what was being done well and which could be used as good practice elsewhere. The Committee was invited to identify issues which they considered had scope for further scrutiny and to inform the Clerk and/or Chairman of this.

The Committee considered that this new process was a good basis for progress to be made in outcomes being realised.

### **Noted**

### **Proposal for a Parking Management Policy Development Panel**

8 The Committee was provided with the opportunity to consider the need for a Policy Development Panel for Parking Management to be established. Members considered that, in principle, this should be progressed but that this should be held in abeyance pending the outcome of a decision on Local Government Reform. Any arrangements would need to be holistic to encompass both off street and on street parking and to determine what part the County and District Councils played.

### **Noted**

### **Work Programme**

9 The opportunity was taken to look at the Committee’s Work Programme. Members were encouraged to contribute towards this if they wished and to let the Chairman and/or Committee Clerk know accordingly.

Members agreed that the Industrial Strategy should be considered at their next meeting, in March 2017.

Further to earlier discussion, the Committee agreed that Mobile Phone Coverage 4G/5G should be considered at the June 2017 meeting, together with an update on what progress was being made with the broadband rollout.

The opportunity was taken to inform the Committee that Dorset had been successful in receiving an allocation from the Productivity Investment Fund of £2.5m which would be used towards improvements to the north/south strategic route.

**Resolved**

That the Work Programme include consideration of the Industrial Strategy at the March 2017 meeting and an update on Mobile Phone coverage, together with broadband progress, at the June 2017 meeting.

**Reason for Recommendation**

To improve outcomes for the people of Dorset.

**Questions from County Councillors**

10 No questions were asked by members under Standing Order 20(2)

Meeting Duration: 10.00 am - 12.45 pm





### Dorset Health Scrutiny Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ on Monday, 14 November 2016

**Present:**

Ronald Coatsworth (Chairman)  
 Bill Batty-Smith (Vice-Chairman), Ros Kayes, Paul Kimber, Mike Lovell, William Trite,  
 David Jones, Tim Morris, Peter Shorland and Peter Oggelsby.

Officer Attending: Ann Harris (Health Partnerships Officer), Jason Read (Democratic Services Officer), Helen Coombes (Interim Director for Adult and Community Services) and Patrick Myers (Assistant Director - Design and Development).

Others in Attendance:

Simon Williams (Chairman of the Hughes Unit Group Supporters), Nick Johnson (Director of Strategy and Business Development, Dorset County Hospital NHS Foundation Trust), Vaughn Lewis (Clinical Director for NHS England Specialised South), Caroline Hamblett (Chief Executive Weldmar Hospicecare Trust), Sally O'Donnell (Dorset Healthcare University Foundation Trust),,, Vanessa Reed (NHS Dorset Clinical Commissioning Group), Sally Sheed (NHS Dorset Clinical Commissioning Group) and Dr Phil Richards (NHS Dorset Clinical Commissioning Group).

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Cabinet to be held on **Wednesday, 21 December 2016.**)

**Apologies for Absence**

43 An apology was received from Alison Reed (Weymouth and Portland Borough Council).

**Code of Conduct**

44 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

**Minutes**

45 The minutes of the meeting held on 6 September 2016 were confirmed and signed.

**Public Participation**

46 Public Speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

Mr Williams (Chairman of the Hughes Unit Group Supporters), addressed the Committee in relation to specific points arising from the Care Quality Commission report. He raised concerns over RIO, the record keeping software used by Dorset County Hospital, and suggested that the system was not fit for purpose.

Petitions

There were no petitions received at the meeting in accordance with the County Council's Petition Scheme.

**Dorset County Hospital Strategy**

47 The Committee received a presentation by the Director of Strategy and Business Development, Dorset County Hospital NHS Foundation Trust, which outlined Dorset County Hospital's (DCH) organisational strategy.

The Strategy had been developed to take account of and align to the Dorset Clinical Services Review and the Dorset Sustainability and Transformation Plan. It was focussed around delivering the right outcomes for patients so that safe and high quality healthcare would continue to be provided as close to communities as possible. The purpose was to deliver compassionate, safe and effective healthcare.

Members raised concerns over the lack of information in the report. It was recognised that whilst the overall aims of the strategy were sensible, the Committee would need to receive specific details in order to properly scrutinise it, in particular information around travel contingencies for elderly patients in the more rural parts of the County. It was noted that the report did not contain any detail around the changes that would be made or how they would impact on the day to day service delivery. It was agreed that once the specific detail had been developed, a report would be presented to the Committee so that they may scrutinise the proposed plan.

**Noted.**

**Safe and Sustainable Neonatal Services at Dorset County Hospital - Re-Designation.**

48 The Committee considered a report by Service Specialist, Specialised Commissioning – NHS England South. The report outlined the aims of the new arrangements for Neonatal Services. It was noted that the changes outlined in the report were not a consequence of criticism of the current services. However, it was felt that the changes were required to ensure safe and sustainable delivery of those services in the future.

The report highlighted the current Neonatal Services' arrangements and outlined the background and evidence supporting the change in the level of neonatal provision at Dorset County Hospital and described the proposed options for the Neonatal service re-designation. It was noted that there were not sufficient staffing resources available to sustain the current model of service delivery.

Members were concerned that if services at Dorchester were staffed and run by midwives, the new arrangements could potentially mean any babies born at Poole Hospital would then have to remain there until they were ready to go home which would cause issues for families residing at some distance from Poole. It was clarified that there was no intention for the Dorchester unit to be midwife run and that it would continue to be staffed by neonatal nurses and covered by on call paediatric staff and consultants.

Members were also concerned about the availability of ambulances to transfer patients to Poole and the potential risks of delivery en-route. Reassurance was given that these matters had been considered and plans to mitigate risk put in place.

The Clinical Director confirmed that he would be happy to meet with the Kingfisher Ward campaign group and Members of the Committee, should they wish.

**Noted.**

**Weldmar Hospicecare Trust Quality Account for 2015/16**

49 The Committee considered a report by the Chief Executive of Weldmar Hospicecare Trust which highlighted the quality accounts for 2015/16. It was produced as a statutory requirement as Weldmar received funds from the NHS and also helped the users of the services and other stakeholders to see how they worked to improve the services provided.

The Committee received a presentation that highlighted the work that Weldmar did and the services they provided. The Chief Executive informed the Committee that the majority of feedback about their services was positive and complimentary. However it

was noted that negative feedback was rarely given as families of patients did not wish to appear ungrateful. To ensure that any and all required improvements could be made, Wedlmar were working closely with families and patients to implement improvements wherever possible.

The Committee formally congratulated Wedlmar on receiving an outstanding rating from the Care Quality Commission (CQC). It was noted that it was rare to receive such a positive rating and it was a remarkable achievement that Wedlmar had managed to do so.

Members raised concerns over available finances and how Wedlmar could sustain services if donations and funding streams started to reduce. The Chief Executive confirmed that income had always been unreliable and Wedlmar were always looking at different ways to deliver more cost effective and sustainable services.

**Noted.**

**Dorset Healthcare University Foundation Trust CQC March 2016 inspection**

50 The Committee Considered a report by Dorset Healthcare University Foundation Trust which provided an update on progress with the Quality Improvement Plans for Dorset Healthcare addressing the findings for the sixteen core services from the CQC comprehensive inspection as well as the re-inspection of seven core services in March 2016.

The Committee raised concerns over negative feedback received in regards to the current record keeping systems being used. It was clarified that the systems now in place were much better than the previous ones and clinicians found them easier to work with than any other software available. Issues had occurred in the way in which different staff used the system, but a more consistent approach was now being implemented.

Some councillors raised concerns with the criticism of Mental Health Services and in particular that they had not seen any improvement to services for several years despite concerns being raised on numerous occasions. It was clarified that interim changes had now been made to the Senior Leadership Team and all Mental Health Services had been bought back under single leadership in an effort to try and apply a consistent approach for all services.

**Noted.**

**Joint Health Scrutiny Committee re Clinical Services Review - Update**

51 The Committee considered a report by the Interim Director for Adult and Community Services which provided an update on the Joint Health Scrutiny Committee - Clinical Services Review following the last meeting of the Committee held in October.

Further meetings of the Joint Health Scrutiny Committee would need to be established towards the end of the CCG's formal 12 week public consultation period, to formulate a response from the Committee and to review the process after the consultation had ended. In order that stakeholders' views could be considered prior to the formulation of a response to the consultation, it was suggested that an Inquiry Day be arranged depending on the CCG timescales.

Some councillors suggested that a Task and Finish Group be established to look at the matter in further detail. The Chairman agreed to consider establishing a group at a later date, depending on the outcome of the inquiry day.

### **Resolved**

1. That members agree to the setting up of an Inquiry Day to coincide with the public consultation to be launched by the CCG.

### **Continuing Healthcare**

- 52 The Committee considered a report by NHS Dorset Clinical Commissioning Group which outlined NHS Continuing Healthcare, what is was and the patients who required these packages of care. The report highlighted budget information in addition to statistics relating to service users.

A steering group had been established to look at various different ways of improving care packages in a more cost effective and patient friendly way. The actions from the last meeting of the steering group were included in the report.

Members queried the reduction in the number of individuals receiving Continuing Healthcare funding and the appeals process. Concern was also expressed regarding delays in the process and the impact this has on families. It was noted that there has been an increase in people with very high cost packages and that work is being undertaken to look at the care market and cost of placements.

### **Noted.**

### **Briefings for Information/Noting**

- 53 The Committee considered a report by the Interim Director for Adult and Community Services which contained Dorset County Hospital's Quality Account Update, Dorset Health Scrutiny Committee's Forward Plan and the Director of Public Health's Annual Report 2016.

### **Noted.**

### **URGENT ITEM - Dorset Clinical Commissioning Group's Draft Primary Care Commissioning Strategy and Plan**

- 54 The Committee considered an urgent item that related to Dorset Clinical Commissioning Group's Draft Primary Care Commissioning Strategy and Plan.

On 6 September 2016 Dorset Health Scrutiny Committee received a report by NHS Dorset Clinical Commissioning Group regarding changes to General Practice Commissioning and Locality Working. The report outlined the changes to commissioning arrangements and the pressures on services and noted that a Primary Care Commissioning Strategy was being developed and would be presented to the Primary Care Commissioning Committee (PCCC) in October 2016. Members agreed that they would like to receive a further report regarding the Strategy at their meeting in March 2017. However, the publication of the Draft Primary Care Commissioning Strategy in October 2016 had raised concerns as to the nature and scale of changes being suggested within 'blueprints' for each Locality, in addition to concerns about the degree to which such changes had been subject to consultation and public engagement.

The CCG clarified that what had been published on the website was a draft and not a final proposal. It was made clear that no decisions had been made and no changes had yet been implemented. The draft was currently being debated by General Practitioners and the 'blueprints' in the draft were based on national standards. The draft document had been published for discussion and not decisions.

### **Resolved**

That the Committee, considering the draft Primary Care Commissioning Strategy:-

1. Evaluates the proposed changes as a major change and thus subject to intervention by the Dorset Health Scrutiny Committee.

2. Makes the CCG aware of the Committee's deep regret and displeasure that the CCG did not itself so identify the matter as such and bring it fully to DHSC at an earlier stage.
3. Believes that the proposed changes could have a devastating effect on rural communities and in areas with a high concentration of elderly people and therefore require further and intensive scrutiny, and to provide for discussion at this meeting a plan for appropriate consultation with the public as required by the Section 242 (18) of the National Health Service Act 2006.
4. Requires therefore that the CCG provide a formal report and send a representative(s) to a special meeting of the Committee to be held within one calendar month of today's date.
5. Requires that the CCG take no irreversible decisions in this matter until after the special meeting.

**Questions from County Councillors**

55 No questions were asked by members under standing order 20(2).

Meeting Duration: 10.00 am - 12.45 pm.

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### Dorset Health Scrutiny Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ on Wednesday, 21 December 2016.

**Present:**

Ronald Coatsworth (Chairman)  
 Bill Batty-Smith, Ros Kayes, Paul Kimber, William Trite, David Jones, Peter Shorland, Alison Reed and Peter Ogglesby.

Members Attending

Jill Haynes (Cabinet Member for Adult Health, Care and Independence).

Officer Attending:

Jason Read (Democratic Services Officer), Ann Harris (Health Partnerships Officer) and Helen Coombes (Interim Director for Adult and Community Services).

Others in Attendace:

Dr Anu Dhir, Dr Karen Kirham, Sally Sandcraft, Tim Goodson (NHS Dorset Clinical Commissioning Group).

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Committee to be held on **Thursday, 9 March 2017**).

**Apologies for Absence**

56 Apologies for absence were received from Mike Lovell and Tim Morris.

**Code of Conduct**

57 There were no declarations by members of disclosable pecuniary interests under the Code of Conduct.

A general interest was declared by Cllr Alison Reed, that she was an employed by Dorset Healthcare University Foundation Trust. As this was not a disclosable pecuniary interest Cllr Alison Reed remained in the meeting and took part in the debate.

**Minutes**

58 The minutes of the meeting held on 14 November 2016 were confirmed and signed.

**Public Participation**

Public Speaking

59 Eight public questions were received at the meeting in accordance with Standing Order 21(1) and are included as an annexure to these minutes. The Interim Director of Adult and Community Services read out a statement on behalf of the Chairman which clarified some of the points raised in the public questions. The statement is also attached as an annexure to these minutes.

There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received at the meeting in accordance with the County

### **Draft Primary Care Commissioning Strategy and Plan**

60 The Committee received a presentation by Dr Anu Dhir (NHS Dorset Clinical Commissioning Group) that outlined the Draft Primary Care Commissioning Strategy and the reasons behind it.

The Strategy had been developed as a response to increasing pressures on Primary Care across Dorset. General Practitioners (GPs) were beginning to struggle with patient need due to a lack of workforce which had resulted in staff working longer hours and having to deal with increased responsibility and as a result the current model of working was no longer sustainable.

The key focus of the Strategy was to look at the areas where Primary care was being delivered efficiently and successfully and incorporate those ways of working in to the areas that were struggling. The first phase of the Strategy had involved discussions with GPs and Primary Care staff as well as seeking the views of stakeholders and others that would potentially be affected by any changes made. The second phase was ongoing engagement which would include wider stakeholder consultation.

It was emphasised that the current model of working was no longer sustainable, and GPs no longer had the resources or staff to deliver services to an acceptable standard under the current arrangements. The Strategy outlined blueprints for how a new model might work and how this would help ease some of the pressure GPs were facing.

Following questions from councillors, the Chief Officer for the CCG clarified a number of points. Any legal advice being sought by the CCG in relation to the Strategy and the outlined proposals had a very minimal cost associated with it. The suggested merging of certain practices outlined in the Strategy were a reflection of how GPs across the country were beginning to work. Having multiple practices in close proximity was not the most efficient use of resources, and having different health professionals in centralised hubs would enable a higher standard of service delivery.

It was noted that if GPs were working in close proximity with mental health professionals and physiotherapists among other healthcare professionals, GPs workloads would be significantly reduced. The current workload for GPs in county was not an attractive prospect which was impacting the recruitment and retention of GPs in Dorset. The Strategy helped to improve the workload of GPs which would improve retention and recruitment.

It was clarified that all GPs across Dorset had been involved in the development of the Strategy. It was acknowledged that many GPs had expressed concerns that they could not sustain the current model of working and valued the change proposals in the Strategy.

The Primary Care Strategy provided a strategic framework and direction of travel. The CCG informed the Committee that the next steps would be consulting on the Strategy. Councillors suggested that a 'bottom up' approach with the staff delivering the care would be beneficial.

Some concerns were raised over transport arrangements for residents of the more rural parts of the county. It was clarified that practices might chose to merge if there was duplication in an area, and that this was more likely to happen in urban than rural areas. The strategy aimed to provide accessible services to all parts of the county. Creating GP hubs would allow different healthcare professionals to work in the same building, which would allow residents to visit one place for multiple medical needs rather than travelling to different locations for different services.



The Strategy highlighted the use of technology to mitigate the amount of face to face consultations required. Video calls and emails could be used to liaise with patients. Whilst it was acknowledged that not all patients would be comfortable with that approach, it was noted that the younger population and those who work full time would embrace it, allowing them to have electronic consultations and removing the need to take time off work to see a GP.

The CCG were currently developing their engagement plan and offered to return to the Committee to provide a further update report. It was noted that the consultation for changes to Dorset County Council's Adult Services in Bridport had been largely successful and this would be an excellent model to replicate.

### **Resolved**

That the Dorset Health Scrutiny Committee, after consideration of the presentation from the NHS Dorset Clinical Commissioning Group;

1. Accepts the need for the provision of GP services to be modified but states that this change must be in such a way that will maintain the quality of provision of services.
2. Accepts the need for widening the range of services provided at local level .
3. Notes with concern the possibility that reduction of surgeries may have implications for increasing difficulty of access and believes that there is a need to incorporate this in all plans.
4. Believes also that the principle of equalisation must be at the highest level.
5. The committee therefore reminds the CCG MUST ensure that at all stages in the process there must be the fullest possible genuine consultation with the public.
6. Asks the CCG to bring any plans to the Dorset Health Scrutiny Committee at the earliest possible stage.

### **Briefings for Information / Noting**

- 61 The Committee considered a report by the Interim Director for Adult and Community Services which contained update briefings on the following;
- Changes to the provision of health services for individuals with Cystic Fibrosis (commissioned by NHS England).
  - Changes to the provision of Vascular Services (commissioned by NHS England).
  - Dorset Health Scrutiny Committee Forward Plan.

The Committee requested that representatives of NHS England be invited to the next meeting of the Committee to elaborate on the changes to the provision of Vascular Services.

### **Resolved**

1. That representatives of NHS England be invited to the Dorset health Scrutiny Committee meeting being held in March 2017 to present a report on the changes to the provision of Vascular Services.

### **Questions from County Councillors**

- 62 No questions were asked by members under standing order 20(2).

Meeting Duration: 10.00 am - 12.05 pm.

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## County Council – 16 February 2017

Recommendation from the Audit and Governance Committee meeting held on 20 January 2017

### **Statutory Officer Panel Terms of Reference (Disciplinary Investigation Process for the Chief Executive and Statutory Officers)**

13 The Committee considered a report regarding the Statutory Officer Panel Terms of Reference that had been considered by Staffing Committee on 22 November 2016.

A member commented that what was proposed and supported by the JNC Guidance would provide what was necessary to make system work very well.

#### **RECOMMENDED**

That County Council be recommended to approve the terms of reference for the Statutory Officer Panel so that the Panel comprises Independent Persons only.

#### **Reason for Recommendation**

The Staffing Committee dealt with issues relating to disciplinary action or capability in respect of the Chief Executive, Directors, Statutory Officers and Heads of Service. If this recommendation was accepted then Independent Persons would play an advisory role, but any decision to dismiss would still be one for the full County Council.

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Recommendations from the Staffing Committee meeting held on 22 November 2016

**Statutory Officer Panel Terms of Reference (Disciplinary Investigation Process for the Chief Executive and Statutory Officers)**

68 (Note: The Chief Executive and Monitoring Officer were not present for this item.)

Members considered a report by the Head of Human Resources (HR) and Organisational Development (OD) which outlined the current process and arrangements for dismissal of the Chief Executive and Statutory Officers and highlighted the statutory underpinning of the procedure currently in place, which included seeking the advice of an independent panel.

The HR and OD Service Manager advised members that the proposal was to align with the model procedure which had now been incorporated into the Chief Executive Officers terms and conditions handbook by the Joint Negotiating Committee (JNC) whereby elected members would no longer sit on the Independent Panel. The other elements of the DCC procedure would remain unchanged; the Staffing Committee would sit as a hearing panel, it would then pass to an independent panel for a view and the final decision to dismiss would be made by the full County Council.

One member felt further information was needed on this proposal. He felt the report did not identify exactly how the progression of evidence was gathered and did not see the necessity for the change. He highlighted areas where he felt more detail was needed and suggested that the Audit and Governance Committee also had sight of this proposed change. He was concerned there were too many assumptions and opinions made with a lack of evidence trail and felt the report should be deferred to allow for further additions and concerns.

The Chairman felt it was important to add that the Independent Panel was just one part of the process and was not about removing elected members from the process. This represented a very small change to the process and was being made to ensure the County Council was in line with the recommendations of the JNC and confirmed that the fundamental process had not changed. It was important to note that ultimately all decisions would be made by elected members.

The Vice Chairman felt the changes gave strength to any Chief Executive who found they were being pursued politically to remove them from post.

One member suggested it would be helpful to have the advice from the JNC appended to the report when it was presented to the full Council.

On being put to the vote Cllr Peter Richardson requested that his vote against the proposal be recorded. He added that he did not feel the Independent Panel would be improved by the exclusion of elected members.

**Resolved**

That the advice from the JNC be appended to the report in readiness for County Council.

**RECOMMENDED**

That the County Council, following the Audit and Governance Committee meeting, be asked to approve the terms of reference for the Statutory Officer Panel so that the Panel comprised independent persons only.

Reason for Recommendation

The Staffing Committee would deal with issues relating to disciplinary action or capability in respect of the Chief Executive, Directors, Statutory Officers and Heads of Service. In light of the recommendation independent persons would play an advisory roles but any decision to dismiss would still be one for the County Council.

# Staffing Committee

**Dorset County Council**



Date of Meeting	22 November 2016
Officer	Head of Human Resources and Organisational Development
Subject of Report	<b>Statutory Officer Panel Terms of Reference (Disciplinary Investigation Process for the Chief Executive and Statutory Officers)</b>
Executive Summary	<p>Where there is a proposal to dismiss the Chief Executive as Head of Paid Service, the council is required to follow a statutory process in accordance with the procedure set out in the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015. The procedure includes the appointment of an independent panel.</p> <p>The Regulations are silent about whether the panel should comprise a mixture of elected members and independent persons or independent persons only. When the independent panel arrangements were introduced, the council chose to establish a mixed panel comprising both independent persons (as defined in the Localism Act 2011) and elected members. This is the Statutory Officer Panel.</p> <p>Since then, the Joint Negotiating Committee for Chief Executives of Local Authorities (the JNC) have issued advice recommending that the panel contain independent persons only, and not members. The JNC has also issued an updated edition of the Chief Executives Handbook (the conditions of service for Chief Executives) which includes a revised model procedure for disciplinary dismissals. The model procedure is in line with their advice that the panel should contain independent persons only. The model procedure should apply unless alternative arrangements have been agreed locally. Whilst the model procedure applies specifically to chief executives, it can also be used as a framework for statutory chief officers (the Monitoring Officer and the Chief Finance Officer) who are subject to the same statutory restrictions on dismissal.</p>

## Statutory Officer Panel Terms of Reference

	<p>The terms of reference for the Statutory Officer Panel are incorporated in the council's Constitution. Any change will therefore require approval of County Council. The recommendations of the Staffing Committee will be put forward to the County Council via the Audit and Governance Committee, with changes effective immediately following County Council approval.</p>
Impact Assessment:	<p><b>Equalities Impact Assessment:</b></p> <p>It is not considered that a full EqIA is required for this report.</p>
	<p><b>Use of Evidence:</b></p> <p>This report is based on advice provided by the JNC and a review of associated legislative requirements.</p>
	<p><b>Budget:</b></p> <p>There are no direct cost implications arising from this report.</p>
	<p><b>Risk Assessment:</b></p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:          Current Risk: LOW          Residual Risk LOW</p>
	<p><b>Other Implications:</b></p> <p>None.</p>
Recommendation	<p>It is recommend that, in line with the JNC's position, the Staffing Committee recommend to the County Council:</p> <p>The terms of reference for the Statutory Officer Panel be updated so that the Panel comprises of independent persons only.</p>
Reason for Recommendation	<p>The Staffing Committee deal with issues relating to disciplinary action or capability in respect of the Chief Executive, Directors, Statutory Officers and Heads of Service. If this recommendation is accepted then independent persons would play an advisory role but any decision to dismiss would still be one for the full County Council.</p>
Appendices	<p>None</p>



## Statutory Officer Panel Terms of Reference

Background Papers	None
Officer Contact	Name: Sarah Butcher, Principal HR & OD Adviser Tel: 01305 228505 Email: <a href="mailto:s.e.butcher@dorsetcc.gov.uk">s.e.butcher@dorsetcc.gov.uk</a>

### **1. Introduction**

- 1.1. In principle it is for each local authority to determine its procedures and practical arrangements for disciplinary action and dismissal. However in the case of the statutory role of Chief Executive (as Head of Paid Service), there are further legal requirements in respect of the processes that must be followed. This process includes seeking the advice of an independent panel.
- 1.2. There has been some uncertainty as to whether the panel should include elected members as well as independent persons. Advice previously available suggested that whilst the panel must include independent persons, it could also include elected members. The council adopted the independent panel arrangements last year, creating the Statutory Officer Panel as the council's panel for this purpose, which is made up of three elected members and two independent persons.
- 1.3. The JNC has since issued further advice for local authorities, recommending that the panel comprise only of independent persons – in other words, no members should sit on the panel. The JNC is the national negotiating body for the pay and conditions of service of chief executives in England and Wales. The Authorities' Side consists of elected members nominated by the Local Government Association.
- 1.4. The JNC model procedure should apply unless alternative arrangements have been agreed locally. Therefore, the council does have some discretion in how far to follow the JNC advice. Should the council continue with the current arrangements by continuing to include members on the Statutory Officers Panel, note that this would be considered as 'alternative local arrangements' which do not follow the model procedure.

### **2. The Council's Existing Disciplinary Dismissal Process**

- 2.1. The council's existing disciplinary dismissal process for Chief Officers is designed in accordance with the steps outlined in the previous version of the JNC's model procedure.
- 2.2. In the event of any proposed disciplinary dismissal of the council's Chief Executive, Monitoring Officer or Chief Finance, the Staffing Committee would sit as a disciplinary panel. If the Staffing Committee recommend the dismissal, they would do so via the Statutory Officer Panel (currently three members and two independent persons), to the County Council.
- 2.3. Any decision to dismiss can only be made by the full County Council, although any advice, views or recommendations of the independent panel must be taken into account before taking any such decision.

### **3. The Proposed Approach**

- 3.1. Should the council decide to follow the advice of the JNC and the model procedure, the steps in the process will remain the same – the Staffing Committee would continue to make a recommendation to the County Council via the Statutory Officer Panel. The only difference is that there would be no members sitting on the panel and the terms of reference for the panel will need to be updated to reflect this. Members would continue to be involved at Staffing Committee and then at full Council.

Statutory Officer Panel Terms of Reference

**Sheralyn Huntingford**  
**Head of Human Resources and Organisational Development**

November 2016

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## County Council – 16 February 2017

Recommendation from the Audit and Governance Committee meeting held on 20 January 2017

### **Appointing the External Auditor**

9 The Committee considered a report regarding the procurement of an external auditor.

Members noted the advantages of a single external auditor following local government reorganisation, but also that there would be benefits to retaining the existing auditor, KPMG, for a further year prior to closing the accounts on any potential new authority for the first time.

The Chief Accountant confirmed that there was scope within the procurement process with Public Sector Appointments Ltd (PSAA) to consider the continuity benefit of retaining KPMG as the external auditor in the short term.

### **Resolved**

1. That the content of the report and particularly the options available for the procurement of the external auditor be noted; and,
2. That consideration be given to retaining the existing internal auditor, KPMG, until such time as a new Authority is formed following local government reorganisation.

### **RECOMMENDED**

That the County Council be recommended to agree to:-

1. Opt into the sector-led auditor procurement process being led by Public Sector Audit Appointments Ltd (PSAA); and,
2. Delegate responsibility to the Chief Financial Officer to ensure that the County Council is active in supporting delivery of best value for money arrangements across all Dorset Councils in light of LGR arrangements yet to be confirmed.

### **Reasons for Recommendations**

1. To enable officers of the County Council to progress arrangements for the appointment of the Authority's external auditor.
2. To ensure the Chief Financial Officer and his staff could work effectively with other Dorset Councils to ensure best value for money and deliver effective and efficient audit arrangements in the transition to potential new governance structures across the county.

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# Audit & Governance Committee

**Dorset County Council**



Date of Meeting	20 January 2017
<p><u>Lead Officer</u> Richard Bates – Chief Financial Officer</p>	
<b>Subject of Report</b>	<b>Appointing the external auditor</b>
Executive Summary	<p>The current external auditor’s appointment runs out following the audit of the financial statements for the year ending 31 March 2018. The County Council must make its own arrangements for procuring external audit services in order to ensure an appointment is made by 31 December 2017. Four procurement options are available, each of which are discussed in this paper.</p> <p>At the time of writing this paper, there is uncertainty over the exact details of local government structures in Dorset. Whilst the report therefore recommends a procurement approach, it also recommends delegation of responsibility for detailed arrangements to the Chief Financial Officer to ensure Dorset Councils work together in the best way to secure effective and efficient audit arrangements in the transition to LGR as well as after its implementation.</p> <p>It is likely that the other Dorset Councils will be recommending the same approach as the County Council.</p>
Impact Assessment:	<p>Equalities Impact Assessment: Appointment of an auditor is not a change of policy or strategy for audit services, only the potential approach to procurement.</p>
	<p>Use of Evidence:</p>

	<p>Budget: Audit of the financial statements is a statutory requirement. The current audit fee is £74k per annum. This paper examines possible approaches to the procurement of the external auditor from 1 April 2018 in order to ensure audit services deliver excellent value for money for Dorset's taxpayers.</p>
	<p>Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk LOW</p>
	<p>Other Implications: None evident.</p>
Recommendation	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>(i) note the content of this report and particularly the options available for the procurement of the external auditor;</li> <li>(ii) support the recommendation to the County Council to opt into the sector-led auditor procurement process being led by Public Sector Audit Appointments Ltd (PSAA);</li> <li>(iii) support the recommendation that the County Council delegates to the Chief Financial Officer, responsibility to ensure that the County Council is active in supporting delivery of best value for money arrangements across all Dorset Councils in light of LGR arrangements yet to be confirmed.</li> </ul>
Reason for Recommendation	<p>To enable Officers of the County Council to progress arrangements for the appointment of the Authority's external auditor.</p> <p>To ensure the Chief Financial Officer and his staff can work effectively with other Dorset Councils to ensure best value for money and to deliver effective and efficient audit arrangements in the transition to potential new governance structures across the county.</p>
Appendices	<p>None</p>
Background Papers	<p>A link to PSAA's website is provided for reference.</p> <p><a href="http://www.psa.co.uk">http://www.psa.co.uk</a></p>
Officer Contact	<p>Name: Jim McManus, Chief Accountant Tel: 01305 221235 Email: j.mcmanus@dorsetcc.gov.uk</p>



## **1. Background**

- 1.1 Historically, local authority external auditors were appointed by the Audit Commission. The Local Audit & Accountability Act 2014 (LAAA) provided for the closure of the Commission on 31 March 2015 but its contracts continue under transitional arrangements managed by Public Sector Audit Appointments Ltd (PSAA).
- 1.2 PSAA is a company limited by guarantee which was established in August 2014, under the LAAA, specifically for the purposes of managing former Audit Commission contracts. PSAA is a subsidiary of the Improvement and Development Agency – a body which is itself wholly owned by the LGA.

## **2. Timing**

- 2.1 Dorset County Council's external audit is provided by KPMG LLP under arrangements made through PSAA which expire on conclusion of the audit of the 2017/18 financial year. From that point on, the County Council will be audited by a firm that it will have procured itself.
- 2.2 LAAA requires that the external auditor be appointed by 31 December 2017. There are a number of matters to consider in selecting the auditor - and indeed in deciding on the specific procurement approach - some of which are discussed in this paper.

## **3 Procurement options**

- 3.1 There are four main options available to the County Council when considering the external auditor procurement approach:
- short term option to continue with current auditor
  - tendering the County Council's business as a stand-alone contract
  - collaborative procurement with one or more other authority
  - opting into a national collaborative procurement by a third party.

### Continuing with the current auditor

- 3.2 We could pursue the option to engage our current auditor directly for a short period of time. We would generally only look to do this if we were seeking an initial period of stability prior to a proper test of the market. This approach would have the advantage of allowing the market to develop after a potential, initial rush to appoint auditors and may allow a more informed choice. It might also, in our particular circumstances, enable a smooth audit transition to LGR.
- 3.3 Delaying the appointment of a new auditor would, however, miss any efficiency opportunities that are available through an early market test. It would also mean we would miss out on any potential collaboration opportunities – these might be particularly appealing to us in the transition to LGR.

### Stand-alone tender

- 3.4 This process would mean tendering the Authority's business using our own procurement process. The likely value would mean the arrangement would need to be OJEU compliant. In these circumstances LAAA requires us to establish an audit panel to decide who the auditor should be, following the tender process. There are further choices around the establishment of the panel itself and these come with a

requirement for officer time and resource and potentially collaboration with/involvement of others.

- 3.5 This approach allows most discretion and autonomy over the approach and the decision-making. However, running our own process involves officer time and cost and it is possible that we might end up with bids from firms with limited experience of local authority auditing. This method would, again, miss out on opportunities for collaboration and might also mean only a short-term relationship would be possible – prior to LGR which would take effect from the 2019/20 financial year.

#### Collaborative procurement

- 3.6 This approach would mean working with others to appoint an auditor for all those involved in the process. It is attractive in that in the transition to LGR, it would be possible for us to enter a joint arrangement with other pre-unitary partners and work together to select our auditor. It would also allow a higher level of autonomy over the process and decision-making than opting into a sector-led procurement.
- 3.7 However, this approach also needs officer time and support and involves a level of complexity/management on top of the stand-alone tender in that it would be necessary for collaborators to agree on the approach, resourcing and decision-making. It would also involve the establishment and support of an audit panel.

#### Sector-led procurement

- 3.8 Opting into a sector-led procurement process is the fourth option available to us; in this case, opting into the arrangements in place with PSAA. The Secretary of State has designated PSAA an *appointing person* which means the company can undertake the necessary procurement activity to contract with a number of firms on behalf of those for whom it acts. PSAA will then propose the appointment of an auditor to each participating authority, having regard to matters such as auditor independence.
- 3.9 This approach offers least autonomy over the choice of auditor and there is at present, only limited detail on how the procurement will operate. However, the arrangements are likely to be the most similar to those currently in place. Should we decide to opt-in, we must confirm by 9<sup>th</sup> March 2017 that we wish to do so.
- 3.10 A sector-led approach has the advantage of avoiding the support, time and cost of arranging independent or collaborative procurements and of establishing and servicing an audit panel. Clearly PSAA will incur costs in running the scheme and these will be included in the fee payable to the auditor – as is presently the case.
- 3.11 This method ensures that the arrangements will be managed by an organisation with significant experience of public sector audit appointments. If we work collaboratively with the other authorities in Dorset, we can also ensure arrangements are put in place to appoint auditors most efficiently across whichever LGR configuration is decided upon and that the auditor(s) establish a clear understanding of the existing councils' arrangements, governance and reporting as part of their transition to any new structures from 1 April 2019.
- 3.12 The County Council's fee for the audit of the financial statements (and value for money opinion) was set at £74k per annum, from 2015/16 until the contract expires at the end of 2017/18. It is not yet possible to say whether our fee would increase or

decrease under the opt-in arrangements from 1 April 2018 – but all the options carry uncertainty over fees.

- 3.13 To an extent, the fee levels with the PSAA scheme will depend on take-up. The current arrangements operated by PSAA mean that the overhead recovered by the company to pay for their costs is included in the £74k that the County Council pays to KPMG LLP. PSAA Ltd's accounts for the year ended 31/03/2016 showed administrative expenses of £2.01m against a turnover of £73.8m – so a very crude, pro rata approach to fee recovery might indicate that £2k of our £74k fee was overhead paid to PSAA.

#### **4 Further/summary considerations**

- 4.1 As well as the advantages and disadvantages summarised above, there are some additional matters to be considered in making the decision about the procurement approach.
- If we pursue an independent or collaborative approach to the procurement, we must establish an audit panel to recommend the appointment of the external auditor. In these circumstances, the panel must also oversee any non-audit services provided. It must have an independent Chair and a majority of independent Members.
  - Regardless of the option followed for the appointment process, the audit firm chosen must comply with the Code of Audit Practice issued by the National Audit Office.
  - Whichever approach is chosen, we must have appointed our auditor by 31 December 2017.
  - We can only appoint an audit firm that is registered for local audit.
  - Quality must be a key consideration in the procurement and selection process. Appropriate recognition should therefore be given to auditor methodology, systems, processes, staff skills and experience and ability to deliver within our faster closedown targets (which are far tighter than those prescribed by statute).
  - How do the audit staff fit, culturally and strategically with our people and processes – can we work with them?
  - How will we ensure we get value for money and will the auditor add value beyond the assurance work of auditing the financial statements?

#### **5 Summary and recommendation**

- 5.1 Although there are some, limited disadvantages with opting into the national scheme, it is recommended that the County Council opt into the PSAA, sector-led procurement. Although there will be an overhead cost involved, this option delivers significant savings in officer and member time and will ensure the process is carried out by a company with a solid track record of public sector auditor appointments.
- 5.2 It is further recommended that Members delegate to the Chief Financial Officer, responsibility within the PSAA scheme to work with colleagues across Dorset Councils to ensure that efficient and effective audit arrangements are put in place for Dorset's future governance structures after decisions about LGR are taken in January 2017. It is likely that the Chief Financial Officers of Dorset's other Councils will be recommending the same approach.

**Richard Bates**  
**Chief Financial Officer**  
January 2017

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## County Council – 16 February 2017

Recommendation from the Audit and Governance Committee meeting held on 20 January 2017

### **Constitutional Changes**

- 14 The Committee considered a report by the Monitoring Officer which set out some suggested changes in the way in which County Council meetings were run to improve the time and quality of meetings.

Members suggested that if the minutes of committee meetings were no longer included then there should be a verbal report from the chairmen of those committees.

### **RECOMMENDED**

That constitutional changes in relation to the arrangements for County Council meetings be approved as amended by the Audit and Governance Committee in relation to a verbal report from Chairmen of Overview and Scrutiny Committees.

### **Reason for Recommendation**

To contribute to the corporate aim to “provide innovative and value for money services”.

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	20 January 2017
Officer	Monitoring Officer
<b>Subject of Report</b>	<b>Constitutional Changes</b>
Executive Summary	<p>The Constitution is a living document and is updated from time to time. The Audit and Governance Committee has a specific role in commenting upon proposed changes to the Constitution prior to consideration by the full Council.</p> <p>This report proposes changes which have arisen for consideration by the County Council at its meeting on 16 February 2017.</p>
Impact Assessment:	<p><u>Equalities Impact Assessment:</u> Not applicable</p>
	<p><u>Use of Evidence:</u> Evidence is detailed throughout each section of the report to describe the reasons for suggested changes to the Constitution.</p>
	<p><u>Budget:</u> There are no consequential budget implications as a result of this report.</p>
	<p><u>Risk Assessment:</u> Having considered the risks associated with this decision, the level of risk has been identified as: Current Risk: LOW Residual Risk LOW</p>
	<p><u>Other Implications:</u> Not applicable</p>
Recommendation	That the Audit and Governance Committee recommend to the County Council that constitutional changes in relation to the arrangements for County Council meetings be approved.

## Constitutional Changes

Reason for Recommendation	To contribute to the corporate aim to 'provide innovative and value for money services'.
Appendices	None
Background Papers	None
Officer Contact	Name: Lee Gallagher, Democratic Services Manager Tel: 01305 224191 Email: <a href="mailto:l.d.gallagher@dorsetcc.gov.uk">l.d.gallagher@dorsetcc.gov.uk</a>

- 1.1 The Constitution is a living document and is updated from time to time. The Audit and Governance Committee has a specific role in commenting upon proposed changes to the Constitution prior to consideration by the full Council.
- 1.2 This report proposes three changes which have arisen and will need to be considered by the County Council at its meeting on 21 July 2016. These are set out below:

### Arrangements for County Council Meetings

- 2.1 County Council meetings operate in accordance with [Article 4 of the Constitution](#), which sets out the Policy Framework, Budget, Functions of the full Council, Council Meetings and Responsibilities for Functions.
- 2.2 In November 2013, the Council considered changes to County Council meetings following a Local Government Association Peer Review in July 2013 which reviewed a range of functions across the authority to help look at ourselves critically and learn how we can change into a radical and reforming council in line with the objectives of the Leader of the Council.
- 2.3 The action plan to implement recommendations highlighted in relation to member functions of the authority, including the arrangements for meetings of the full Council. These were:
- Development of a more business-like approach to meetings of the County Council.
  - Addition of a Leader of the Council item on all Council agendas to allow the Leader to address priority issues facing the Council which may not otherwise be included on the agenda.
  - Increased ability for public participation.
  - Committees to continue to report recommendations to the Council and minutes of the Cabinet and Overview and Scrutiny Committees to continue to be reported.
  - Question time for members of the Council would allow members to ask about Committee related issues arising from meetings not included on the agenda.



## Constitutional Changes

2.4 The County Council has a good record of making changes to improve the way it operates. Following the changes above, the following model of operation was enhanced in:

- April 2015 with changes to the procedure for Notices of Motion.
- July 2015 and July 2016 with changes to the Petition Scheme.
- April 2016 with the introduction of new Overview and Scrutiny arrangements.

2.5 It is important that the Council should not lose momentum in taking forward improvements to the way in which it operates. As such there are a number of proposals below which aim to develop a more business-like approach identified in the Peer Review Action Plan and encourage debate on significant matters that the Council wish to consider. These are:

- Reporting of deaths of former members: to be mentioned as part of the Chairman's Announcements only and not to hold tributes to former members unless they were serving on the Council when they died. It is suggested that when deaths of historic members are reported to Democratic Services that an email notification is circulated to all members asking for any written tributes and these be sent on to the family and recorded in the County Council papers. This could enhance the current provision and save time at meetings.
- Notices of Motion be expanded to enable debate at Council meetings, with an adjustment to the deadlines to enable officers to prepare background briefing papers to be used as context at the meetings. This would enable significant strategic issues to be raised using this route, but consideration would need to be given to a criteria which identified and prioritised significant matters of debate. This would enable a more member led approach to debates at Council.
- Committees to continue to report recommendations to the Council and minutes of the Cabinet to continue to be reported, but not minutes of Overview and Scrutiny Committees. Links could be provided to the minutes for information only, and not for debate or questions. Alternatively, minutes to be provided to members in a different way, i.e. ensure subscriptions are managed through Mod.gov to share minutes as they are published with all members.
- Minutes of outside organisations of which the County Council have representation are largely not reported to the Council except for Dorset and Wiltshire Fire and Rescue Authority. Consideration could be given to removing these minutes from the Council agenda and providing more information to members outside of the Council meeting, or alternatively expanding this section of the agenda to provide a 'Partnership Brief' from the Fire Authority and other Partners e.g. Police and Crime Commissioner, CCG, NHS, etc on a rotational basis.
- The lunches for Council meetings are currently provided by Oh Crumbs at a cost of £4.50 per head for the buffet. Oh Crumbs is subsidised by the Council and is run by people with learning disabilities so there is a social value associated with continuing to use them. However, consideration could be given to an alternative provider. Chartwells, as the school meals provider, could provide a hot meal for £2 per head or buffet for £4 per head. Consideration could also be given to potentially reducing the number of times lunch is provided throughout the year.

2.6 Other potential developments to be investigated and costed for future consideration are:

## Constitutional Changes

- Technology enhancements to enable proposals to be projected and amended live.
- Webcasting of meetings to be able to share meetings with a wider audience.
- Routine electronic voting, including recorded votes.
- Public consultation on items to be discussed at Council meetings, or to use Ask Dorset as a basis for debating the priorities identified.

2.7 Group Leaders and the Chairman of the Council considered the suggested changes above at their meeting on 3 November 2016, and made the following comments:

- Notices of Motion – Members discussed in detail the application of the current model for receiving motions at council, and the potential for the debate on motions at meetings instead of automatic referral to committees. The Leaders of the Liberal Democrat and Labour Groups expressed support for the current arrangements. However, recognition was given to the potential for flexibility to be included in the arrangements to be able to debate matters of strategic importance (to be determined by the Chairman and the Chief Executive).
- Minutes of Overview and Scrutiny Committees – It was acknowledged that recommendations from committees would continue to be made to Council, and members discussed the possible withdrawal of overview and scrutiny committee minutes from agendas. The Leader of the Liberal Democrat Group objected strongly to the removal of minutes from agendas as it was a really important democratic and political opportunity to review what had been happening and to raise comments in a public meeting.
- Partnership Updates – Members generally supported the exploration of brief partnership updates at Council meetings.
- Lunches after Council Meetings – All members supported the retention of 'Oh Crumbs' as the provider of buffet lunches following Council meetings.

2.8 In addition to the points raised above it was noted that:

- The ordering of items on the agenda could be made more flexible to ensure that opportunity to consider strategic and important items earlier on the agenda.
- Webcasting of meetings would be investigated as part of the aspirational redevelopment of committee rooms in due course, together with voting and audio solutions.
- Review the quality of projection equipment to be used for public meetings.
- Explore suggestions for alternative participation in meetings such as live texting.

2.9 The Audit and Governance Committee is asked to consider the proposed changes in the report, comments of the Group Leaders and Chairman of the Council, and to recommend changes through the constitutional review process (where applicable) for decision by the County Council in February 2017.

Jonathan Mair  
**Monitoring Officer**  
January 2017

## County Council – 16 February 2017

Recommendations from the Staffing Committee meeting held on 30 January 2017

### **Pay Policy Statement 2017/18**

- 9 The Committee considered a report from the Chief Executive which included the proposed Pay Policy Statement for 2017/18 and also provided information about gender pay gap reporting which the Council was likely to have to provide during the 2017/18 financial year and annually thereafter.

The Head of Legal and Democratic Services highlighted to members that this statement was now an embedded part of what the County Council now did in demonstrating transparency around pay. It covered not just senior officers pay but also the relationship between the highest and lowest pay.

The HR and OD Service Manager highlighted the main changes in the proposed pay policy statement from the previous year which focussed on the pay multiples, both of which had either reduced or remained unchanged. She explained that the appendices showed Chief Officer information for both Council funded and joint partner funded roles including consultants/interims.

One member highlighted the pay multiples from previous years in the report and felt this was a good news story as the gap between highest paid (Chief Officers) and lowest paid (non Chief Officers) had narrowed year on year since the pay policy statements had first been published.

Cllr Trevor Jones, as the Chairman of the Audit and Governance Committee, advised members of the work his committee was undertaking in conjunction with Internal Audit in relation to agency staff not being managed robustly and controls not being effective.

It was highlighted the key issue was that the consultant/interim post costs were all within salary budgets for those specific posts. It was also noted that there was a defined period of time stated for how long individuals would be required which allowed for flexibility for future arrangements. The Head of Legal and Democratic Services made reference to one specific post and highlighted that this was funded from a Government grant.

### **RECOMMENDED**

That the County Council be recommended to approve the Pay Policy Statement for 2017/18.

### **Reason for Recommendation**

The Staffing Committee oversees matters relating to staff terms and conditions.

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# Staffing Committee

## Dorset County Council



Date of Meeting	30 January 2017
Officer	Chief Executive
Subject of Report	<b>Pay Policy Statement 2017/18</b>
Executive Summary	<p>As required by the Localism Act 2011 the attached report sets out the County Council's Pay Policy Statement for the financial year 2017/18 and provides information regarding gender pay gap reporting. Previous statements have been published for the financial years since 2012/13.</p> <p>The Act places a requirement on local authorities to produce a statement on an annual basis, setting out their policies on the remuneration of their Chief Officers and lowest paid employees, and the relationship between the remuneration of its Chief Officers and non-Chief Officers.</p> <p>The proposed Pay Policy Statement is attached at Appendix 1 and refers to overview tables setting out the general policies relating to the remuneration of the County Council's chief officers and lowest paid employees.</p> <p>The County Council employs 4,044 staff (as at 31 December 2016). Twenty-six chief officer positions are identified in Appendix A1 with 13 additional in partnership positions (Appendix B1); this is reflective of the significant reduction in roles at senior leadership level and associated costs over the past 5 years. The pay multiple FTE salary remains the same as last year at 7.15:1. The taxable earnings pay multiple has reduced, meaning that the gap between the Chief Executive's salary and the median earnings of employees is reducing year on year.</p> <p>The report also provides information about gender pay gap reporting which the Council is likely to have to provide during the 2017/18 financial year and annually thereafter.</p>

Impact Assessment:	<p>Equalities Impact Assessment: The Localism Bill was subject to consideration in terms of compatibility with the European Convention on Human Rights and contains a statement by the Secretary of State, Eric Pickles, that the provisions are compatible.</p>
	<p>Use of Evidence: The Localism Act 2011 and Supplementary Guidance dated February 2013.</p>
	<p>Budget: None arising directly from this report although the production and maintenance of a Pay Policy Statement creates additional and ongoing work, as will any requirement to report annually on the gender pay gap, for the Human Resources and Organisational Development service.</p>
	<p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:                      Current Risk: LOW                      Residual Risk: LOW</p>
	<p>Other Implications: None arising directly from this report.</p>
Recommendation	<p>It is recommended that the Staffing Committee:</p> <ul style="list-style-type: none"> <li>(i) Note the provisions of the Localism Act and approve the Pay Policy Statement for the 2017/18 financial year.</li> <li>(ii) Recommend the approval of the Pay Policy Statement to the County Council.</li> <li>(iii) Note the fact that we may have to undertake Gender Pay Gap reporting and, if approved by Parliament, agree that this information will be presented alongside future Pay Policy Statements.</li> </ul>
Reason for Recommendation	<p>The Staffing Committee oversee matters relating to staff terms and conditions.</p>
Appendices	<p>Appendix 1: Pay Policy Statement                      Appendix A1: Schedule of Chief Officers Remuneration                      Appendix A2: Overview Table of Policies Relating to Remuneration for the Chief Officers and Lowest Paid Employees                      Appendix B1: Schedule of Partnerships Chief Officers Remuneration                      Appendix B2: Overview Table of Policies Relating to Remuneration for Partnership arrangements for Public Health Chief Officers</p>

## Pay Policy Statement 2017/18

Background Papers	None.
Report Originator and Contact	Name: Sarah Scally, Principal HR Advisor (Pay & Reward) Tel: 01305 224637 Email: <a href="mailto:s.scally@dorsetcc.gov.uk">s.scally@dorsetcc.gov.uk</a>  Name: Natalie Adam, HR & OD Service Manager Tel: 01305 221785 Email: <a href="mailto:n.adam@dorsetcc.gov.uk">n.adam@dorsetcc.gov.uk</a>

## **1. Introduction**

- 1.1 The Staffing Committee has received reports setting out Pay Policy Statements for previous financial years as required by the Localism Act 2011.
- 1.2 The Localism Act, Part 1, Chapter 8 under the heading 'Pay Accountability' places a requirement on local authorities to produce a Pay Policy Statement on an annual basis.
- 1.3 This report sets out the main aspects of the Localism Act and details the scope of the Pay Policy Statement for the financial year 2017/18.

## **2. Pay Policy Statement 2017/18**

- 2.1 A Pay Policy Statement for the financial year 2017/18 has been produced to meet the requirements of the Act and this is attached at Appendix 1.
- 2.2 The Statement sets out the policies for the financial year relating to:
  - (a) the remuneration of its Chief Officers,
  - (b) the remuneration of its lowest paid employees, and
  - (c) the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.
- 2.3 The Pay Policy Statement broadly follows the same format as produced for the previous financial years. The statement refers to overview tables setting out the general policies relating to the remuneration of the County Council's Chief Officers and lowest paid employees, and further tables detailing the specific elements for each individual Chief Officer.
- 2.4 The Pay Policy Statement also provides clear details of the County Council's various partnership arrangements which are in place and work towards improving efficiency in local government. The County Council currently has jointly funded partnership arrangements for Public Health, Dorset Waste Partnership and one individual role. The 2017/18 Pay Policy Statement separates these partnership positions. This recognises the complexity of employment arrangements as resources have been combined to achieve cost effective and sustainable services.
- 2.5 The County Council must comply with its Pay Policy Statement for the financial year in making determinations relating to Chief Officers.

## **3. Requirements of the Localism Act**

- 3.1 In preparing the Pay Policy Statement for the 2017/18 financial year, it is recommended that the Staffing Committee note the following in respect of the Act's requirements detailed in paragraph 2.2.
- 3.2 Chief Officers
  - 3.2.1 The Act defines Chief Officers by reference to various sections of the Local Government and Housing Act 1989.



## Pay Policy Statement 2017/18

3.2.2 The details for Chief Officers (Appendices A1 and B1) reflect the position as at 1 January 2017 and, in respect of the partnership arrangements, indicates Dorset County Council's contribution to the remuneration packages.

### 3.3 Definition of Lowest Paid Employees

3.3.1 In line with the previous four Pay Policy Statements, the County Council has defined its lowest paid employees as those on the lowest Green Book spinal column point.

3.3.1 As such, the Pay Policy Statement and accompanying overview table (Appendix A2) reflects those elements of Green Book remuneration that could apply to this group.

3.3.2 For both Chief Officers and the Lowest Paid Employees, the County Council adopts all relevant national agreements and the associated national pay bargaining arrangements. As a result, any pay awards negotiated by the National Employers will be contained within the appendices as required.

### 3.4 Relationship between Chief Officers and non Chief Officers

3.4.1 In line with previous Pay Policy Statements, the relationship between Chief Officer remuneration and non Chief Officer remuneration has been calculated as the ratio between the highest paid officer's earnings and the median earnings of employees.

3.4.2 Using taxable earnings for the 2015/16 financial year (including elements such as pension contributions and lease car allowance) the ratio for the County Council is 8.76:1. This compares to the 2016 figure provided in last year's Pay Policy Statement of 9.27:1.

3.4.3 In calculating the pay multiple based on FTE salaries (excluding allowances and enhancements) as at 1 January 2017 the ratio of the Chief Executive's salary to the median FTE salary of employees was 7.15:1. This is exactly the same as the 2016 figure (after rounding).

3.4.4 The pay multiples from previous years are as follows:

Financial year Pay Policy Statement	Pay multiple Taxable earnings	Pay multiple FTE salary
2012/13	11.01:1	8.79:1
2013/14	10.36:1	8.32:1
2014/15	9.61:1	8.25:1
2015/16	9.29:1	7.95:1
2016/17	9.27:1	7.15:1
2017/18	*8.76:1	7.15:1

\* This figure excludes Tricuro employees who transferred on 1 July 2015.

## 4. **Gender Pay Gap Reporting**

4.1 Subject to the approval of Parliament, regulations are likely to commence from April 2017 for public sector organisations (already agreed for private sector) which will mean that employers will have up to 12 months to publish additional information concerning the gender pay gap.

## Pay Policy Statement 2017/18

- 4.2 On an annual basis DCC will be required to publish a report on Dorset for You as well as submit evidence of compliance to the Government. Subject to the commencement of the legislation, DCC will need to publish their first report within 12 months from April 2017 and keep gender pay figures online for three years in order to show the progress made.

### **5. Next Steps**

- 4.1 It is recommended that the Staffing Committee agree to recommend the attached Pay Policy Statement for the financial year 2017/18 to the County Council.
- 4.2 Once agreed, and in advance of 31 March 2017, the Pay Policy Statement will be published on the County Council's website.
- 4.3 Prior to its publication, Privacy Notices will be issued to each of the Chief Officers detailed in the Schedule (Appendices A1 and B1).

**Debbie Ward**  
Chief Executive

**Sheralyn Huntingford**  
Head of Human Resources and Organisational  
Development

5 January 2017

## Appendix 1

### DORSET COUNTY COUNCIL PAY POLICY STATEMENT 2017/18

#### 1. Purpose

- 1.1 The following is a Pay Policy Statement as required under Part 1, Chapter 8 'Pay Accountability' of the Localism Act 2011 and as such does not form part of an employee's contract of employment and does not create any contractual rights.
- 1.2 The Pay Policy Statement has been approved by resolution of the full County Council.
- 1.3 The Pay Policy Statement, along with appendices, is published on the County Council's Website - [www.dorsetforyou.gov.uk](http://www.dorsetforyou.gov.uk)
- 1.4 The County Council has published an annual Pay Policy Statement since the financial year 2012/13. This Pay Policy Statement is for the financial year 2017/18 and will be updated and re-published on an annual basis thereafter.
- 1.5 Should any amendments to the Pay Policy Statement be required during the financial year 2017/18 this will be approved by the full County Council, after which the amended version of the Pay Policy Statement will be published.
- 1.6 A glossary of terms used in the Pay Policy Statement can be found at the end of the document.

#### 2. Context of Dorset County Council

- 2.1 The County Council employs 4,044 staff and provides a wide range of services managed through the Chief Executive's Department and Directorates:
- 2.2 The Chief Executive is the lead adviser to elected members and the head of paid service.
- 2.3 The Chief Executive's Department includes Legal & Democratic Services, Finance and Human Resources & Organisational Development.
- 2.4 Children's Services includes Care and Protection, Partnerships and Prevention and Design and Development.
- 2.5 Environment and the Economy includes Economy, the Environment, Highways, ICT & Customer Services.
- 2.6 Adult and Community Services includes Adult Care, Early Help and Community Services and Partnerships and Performance.

#### 3. Partnerships

- 3.1 In addition to the Chief Executive's Department and Directorates, the County Council has various partnership arrangements in place which work towards improving

efficiency in local government. By working together with other public sector organisations, the authority can provide high quality services more efficiently and cost effectively resulting in the better use of resources. Meaningful and productive partnerships have been established which provides joint funding for services, with each partner contributing an agreed percentage towards costs, including remuneration.

- 3.2 The County Council currently has jointly funded partnership arrangements for Public Health, Dorset Waste Partnership and one individual role. The following provides details of Dorset’s contribution to the remuneration package. These percentages are subject to periodic review.

Partnership	DCC Contribution to remuneration package
Public Health	54%
Dorset Waste Partnership	64%
Programme Director – Integrated Health and Social Care	25% (ending 31.3.17)

- 3.3 On 1 April 2013, the Public Health Service transferred to the County Council under a statutory transfer order and provides services in relation to prevention, health protection, healthcare and health promotion programmes. The County Council is the host employer and provides Public Health services for Dorset which includes the Borough of Poole and Bournemouth Borough Council.

- 3.4 In addition, the Dorset Waste Partnership is hosted by the County Council in partnership with the District Councils. The Dorset Waste Partnership includes services such as waste, recycling and street cleaning services.

#### **4. Requirements of the Localism Act**

- 4.1 In accordance with the Localism Act, the Pay Policy Statement outlines the County Council’s policies relating to:

- The remuneration of its Chief Officers
- The remuneration of its lowest-paid employees, and
- The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

- 4.2 The Pay Policy Statement applies to Dorset County Council employees excluding schools. This is in line with the Secretary of State’s “Openness and Accountability in Local Pay: Guidance under section 40 of the Localism Act” (February 2012) and Supplementary Guidance (February 2013). Each school has a separate Pay Policy with a reporting line to the Governing Body and it is the school that ultimately determines the terms and conditions for its employees.

- 4.3 The Pay Policy Statement excludes Apprentices engaged on contracts for training.

#### **5. Remuneration of Chief Officers**

- 5.1 The Localism Act defines Chief Officers by reference to various sections of the Local Government and Housing Act 1989. For the purposes of this Pay Policy Statement and in terms of the County Council’s structures the definition of Chief Officers incorporates the Chief Executive, Directors, Chief Financial Officer, Monitoring

Officer and any officer who reports directly to these post-holders (other than those whose duties are solely secretarial or clerical or otherwise in the nature of support services).

- 5.2 Chief Officers are employed under either the Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities, the JNC for Chief Officers of Local Authorities or the National Joint Council (NJC) for Local Government Services (Green Book terms and conditions of employment). Public Health Chief Officers (other than the Director) are employed under the National Health Service (NHS) terms and conditions in accordance with the statutory transfer order.
- 5.3 A schedule of Chief Officers' post specific remuneration is contained at Appendices A1 and B1. These detail:
- Position Title
  - Directorate / Partnership
  - Overview Table Category (Appendices A2 and B2)
  - National Terms and Conditions of Service
  - FTE Annual Salary
  - FTE Salary Range
  - FTE Allowances
- 5.4 Overview Tables detailing terms and conditions have been produced. Appendix A2 details those policies relating to remuneration which are not post specific and refers to Chief Officers and lowest paid employees. Appendix B2 details those policies relating to remuneration which are not post specific and refers to Public Health Chief Officers.
- 5.5 A further explanation of the Overview Tables (Appendices A2 and B2) is contained within Section 7.
- 5.6 The Chief Executive is the Returning Officer for County Council elections and the salary range for the post is inclusive of returning officer fees.
- 5.7 The appointment of Directors and Heads of Service/Assistant Directors/Service Directors is delegated to the Staffing Committee.
- 5.8 Staffing Committee recommend the appointment of Statutory Chief Officers and the Chief Executive, with confirmation of the appointment being ratified by full County Council.
- 5.9 The appointment of all staff not covered by paragraphs 5.7 and 5.8 is undertaken by the appropriate Director or their nominees under powers delegated under the Scheme of Delegation.
- 6. Remuneration of Lowest Paid Employees**
- 6.1 The Localism Act requires the Pay Policy Statement to define the Lowest Paid Employees. The Local Government Association, Localism Act: Pay Policy Statements Guidance for Local Authority Chief Executives" (November 2011) suggests that the simplest and most easily understood definition of lowest paid employees might be those employees on the lowest pay point in use by the authority.

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6.2 In line with the above, DCC define this as those employed on the minimum of Grade 1 (NJC Green Book terms and conditions of service).

6.3 Roles at this grade may include:

- School Crossing Patrol
- Catering – Housekeeper - Facilities Assistant
- Driver/Delivery Person

6.4 The salary scale for Dorset Grade 1 is indicated on the Overview Table (Appendix A2).

6.5 The Overview Table (Appendix A2) details further policies relating to remuneration that can apply to the lowest paid employees (it also refers to Chief Officers).

### 7. Overview Tables

7.1 Appendix A2 details the policies relating to the remuneration of Chief Officers and the lowest paid employees. Policies relating to the remuneration of Public Health Chief Officers are outlined in Appendix B2. It should be noted that the tables reflect only those key elements of each policy relating to remuneration.

7.2 For the purposes of the Overview Tables, terms and conditions groups have been structured under the following headings:

- Chief Officer: Chief Executive and Directors
- Chief Officer: Heads of Service/ Assistant Director/Service Director
- Chief Officer: Other
- Lowest Paid Employees: Dorset Grade 1 (Spinal Column Point 6)
- Public Health Medical Staff
- Public Health Non Medical Staff

7.3 The policies relating to remuneration details shown in both appendices have been grouped under 5 main headings that mirror the requirement of the Localism Act 2011:

- Elements of Remuneration
- Remuneration on Recruitment
- Increases and Additions to Remuneration
- Performance Related Pay
- Payments on Ceasing to Hold Office

7.4 Elements of Remuneration

The County Council applies a number of elements that could form the total remuneration package for Chief Officers and lowest paid employees. Details of these can be found under the following headings within the Overview Tables:

- Basic Salary Range
- Plussage to Basic Grade
- Weekend Enhancement
- Night Enhancement
- Standby Allowance

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- Standby Callout
- Overtime
- Public Holiday Enhancement
- Sleeping In Allowance
- First Aid Allowance
- Retainer Payment
- Returning Officer Fees

In addition to the above elements, there may be occasions when the County Council makes payments that are considered to be a benefit in kind. The following should not be considered an exhaustive list, but provides a flavour of the types of benefits in kind that may be payable to employees and regarded as taxable by HMRC when certain circumstances dictate:

- Relocation Expenses over £8,000
- Broadband/Telephone Line Rental
- Relocation Mileage

### 7.5 Remuneration on Recruitment

Details of the County Council's policy on remuneration on appointment can be found in the Overview Tables under the following headings:

- Starting Salaries
- Recruitment and Retention Payments

### 7.6 Increases and Additions to Remuneration

In certain circumstances, the County Council may apply increases/additions to remuneration. Details of these can be found under the following headings within the Overview Tables:

- Payments for Additional Duties
- Cost of Living Pay Increases
- Salary Protection

### 7.7 Performance Related Pay

The County Council does not make bonus payments. Some elements of pay are performance related. Details of the following performance related elements of pay, and how they are applied, can be found within the Overview Tables:

- Incremental/Scale Progression
- Merit Increments

### 7.8 Payments on Ceasing to Hold Office

The County Council applies a number of payments/provisions in the event of an employee ceasing to hold office. An outline of the following payments can be found within the Overview Tables:

- Notice Period
- Redundancy Provisions

## 8. Relationship between Chief Officer and Non Chief Officer

- 8.1 The Localism Act requires the County Council to set out the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers. In determining the relationship, regard has been given to Hutton's Review of Fair Pay in the Public Sector (Final report dated March 2011), the Secretary of State's guidance and Local Government Association (LGA) guidance. These reference sources define the relationship in terms of a pay multiple calculation.
- 8.2 In line with the above reports and guidance documentation, pay multiples have been calculated as the ratio between the Chief Executive's earnings and the median average earnings of employees.
- 8.3 The LGA guidance indicates that the pay multiple could be calculated based upon total taxable earnings or FTE salaries. For the purposes of this statement the County Council provides both.
- 8.4 In calculating the pay multiple based on total taxable earnings for the 2015/16 tax year (including benefits in kind and elements such as pension contributions\*\*) the ratio of the Chief Executive's earnings to the median earnings of employees was 8.76:1. This figure excludes Tricuro employees who transferred on 1 July 2015.
- 8.5 In calculating the pay multiple based on FTE salaries (excluding allowances and enhancements\*\*) as at 1 January 2017 the ratio of the Chief Executive's salary to the median FTE salary of employees was 7.15:1 (after rounding).
- 8.6 The pay multiples are as follows:

Financial year Pay Policy Statement	Pay multiple Taxable earnings	Pay multiple FTE salary
2012/13	11.01:1	8.79:1
2013/14	10.36:1	8.32:1
2014/15	9.61:1	8.25:1
2015/16	9.29:1	7.95:1
2016/17	9.27:1.	7.15:1
2017/18	*8.76:1	7.15:1

\* Figure excludes Tricuro employees who transferred to Tricuro on 1 July 2015.

\*\* Excluding schools employees and apprentices

## 9. Conclusion

- 9.1 These documents are considered to be an accurate reflection at the time of publishing. However, if subsequent amendments to the Pay Policy Statement are necessary during the financial year 2017/18 this will require approval by the full County Council, after which the amended versions would be published.



## **Glossary of terms**

**Basic Pay** is the core element of salary payable before enhancements or additions.

**Directorate/Department** is the name given to one of the main departments/divisions of the County Council. Dorset County Council has the following directorates/departments: Chief Executive's Department, Environment & the Economy Directorate, Adult & Community Services Directorate, Children's Services Directorate and Public Health.

**DCC** – Dorset County Council.

**Elected Members** are Councillors elected through local elections to represent their communities in local government.

**FTE** is Full Time Equivalent. For the County Council this is 37 hours per week.

**Green Book** is the name given to the document containing the National Agreements on pay and conditions of service for Local Government Services. This agreement includes the full, current details of the National Joint Council (NJC) for Local Government Services. Known as the Single Status Agreement, the Green Book covers the pay and conditions for a range of local authority employees.

**HMRC** – Her Majesty's Revenue and Customs.

**Incremental Progression** is the process of moving up through a salary scale range.

**Joint Negotiating Committee (JNC)** is the body which sets the national framework used to pay certain groups of employees. The function of the JNC is to negotiate with Trade Unions on nationally determined terms and conditions of service and any yearly cost of living pay increase.

**Median** is found by arranging all values in order from the lowest to the highest and selecting the middle value.

**Pay Board** consists of Elected Members and is constituted to hear and determine matters relating to the Labour Market Adjustment Scheme for additional increments.

**Spinal Column Point (Pay Point)** is the name given to a particular point on a salary range/grade.

Appendix A1 - Schedule of Chief Officers Remuneration							
Position Title	Directorate	Overview Table Category (Appendix A2)	National Terms and Conditions of Service	FTE Annual Salary as at 01.01.17	FTE Salary Range £ per annum	Grade	FTE Allowances £ per annum
Chief Executive	Chief Executive's Department	Chief Officer Chief Executive & Directors (JNC Terms and Conditions)	JNC for Chief Executives of Local Authorities	£150,490	£141,400-156,550	Chief Executive (CE)	£0
Interim Director (18 months duration)	Adult & Community Services	N/A	N/A	Consultant rate *£800 daily rate (includes all fees)	N/A	Interim Director	N/A
Assistant Director - Adult Care Operations	Adult & Community Services	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£88,000	£86,500-91,000	CO Salary Band 3	£0
Assistant Director – Early Help & Community Services	Adult & Community Services	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officer of Local Authorities	£82,000	£80,500-85,000	CO Salary Band 4	£0
Service Manager – Business, Strategy, Performance & Innovation	Adult & Community Services	Chief Officer Other (Green Book Terms and Conditions)	NJC for Local Government Services (Green Book)	£54,206	£52,149-58,889	Dorset Grade 16	£0
Safeguarding & Quality Service Manager	Adult & Community Services	Chief Officer Other (Green Book Terms and Conditions)	NJC for Local Government Services (Green Book)	£55,343	£52,149-58,889	Dorset Grade 16	£0
Lead Commissioner	Adult & Community Services	Chief Officer Other (Green Book Terms and Conditions)	NJC for Local Government Services (Green Book)	£53,078	£52,149-58,889	Dorset Grade 16	£0
Interim Lead Commissioner	Adult & Community Services	N/A	N/A	Consultant rate *Daily charge rate of £655 (includes all fees)	N/A	Interim Consultant	N/A
Director	Environment & the Economy	Chief Officer Chief Executive & Directors (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£119,228	£110,524-125,031	CO Salary Band 1	£0

Service Director - Economy	Environment & the Economy	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£80,500	£80,500-85,000	CO Salary Band 4	£0
Service Director - Environment	Environment & the Economy	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£80,500	£80,500-85,000	CO Salary Band 4	£0
Service Director - Highways	Environment & the Economy	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£86,500	£86,500-£91,000	CO Salary Band 3	£0
Head of ICT and Customer Services	Environment & the Economy	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£82,000	£80,500-85,000	CO Salary Band 4	£0
Director	Children's Services	Chief Officer Chief Executive & Directors (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£119,228	£110,524-125,031	CO Salary Band 1	£0
Assistant Director – Children's Care & Protection	Children's Services	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£86,500	£86,500-91,000	CO Salary Band 3	£0
Interim Assistant Director – Partnerships & Prevention	Children's Services	N/A	N/A	Consultant rate *Daily charge rate of £794 (includes all fees)	N/A	Interim Consultant	N/A
Assistant Director – Design & Development	Children's Services	Chief Officer Heads of Service (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£80,500	£80,500-85,000	CO Salary Band 4	£0
Performance & Change Management Advisor	Children's Services	N/A	N/A	Consultant rate *Daily rate of £630 (includes all fess)	N/A	Interim Consultant	N/A
Head of Legal & Democratic Services, (& Monitoring Officer)	Chief Executive's Department	Chief Officer Heads of Service (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£89,500	£86,500-91,000	CO Salary Band 3	£0

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Democratic Services Manager	Chief Executive's Department	Chief Officer Other (Green Book Terms and Conditions)	NJC for Local Government Services (Green Book)	£46,651	£43,387-48,438	Dorset Grade 14	£0
Head of Human Resources and Organisational Development	Chief Executive's Department	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£82,000	£80,500 - £85,000	CO Salary Band 4	£0
Group Manager – Commercial and Commissioned Services	Chief Executive's Department	Chief Officer Other (Green Book Terms and Conditions)	NJC for Local Government Services (Green Book)	£58,889	£52,149-58,889	Dorset Grade 16	£0
Head of Internal Audit, Insurance & Risk Management	Chief Executive's Department	Chief Officer Other (Green Book Terms and Conditions)	NJC for Local Government Services (Green Book)	£58,889	£52,149-58,889	Dorset Grade 16	£0
Legal Services Manager	Chief Executive's Department	Chief Officer Other (Green Book Terms and Conditions)	NJC for Local Government Services (Green Book)	£65,331	£63,981-72,532	Dorset Grade 17	£0
Head of Financial Services (& Section 151 Officer)	Chief Executive's Department	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£88,000	£86,500-91,000	CO Salary Band 3	£0
Chief Accountant (Deputy Section 151 Officer)	Chief Executive's Department	Chief Officer Other (Green Book Terms and Conditions)	NJC for Local Government Services (Green Book)	£66,702	£63,981-72,532	Dorset Grade 17	£0

**Note**

\*Numbers of days worked varies

Appendix A2 - Overview Table of Policies Relating to Remuneration for the Chief Officers and Lowest Paid Employees				
	<u>Chief Officer</u> Chief Executive & Directors (JNC Terms and Conditions)	<u>Chief Officers</u> Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	<u>Chief Officers</u> Other (Green Book Terms and Conditions)	<u>Lowest Paid Employees</u> Grade 1 (Spinal Column Point 6) (Green Book Terms & Conditions)
<b>Elements of Remuneration</b>				
<b>Basic Salary Range</b>	See Appendix A1			Grade 1 £14,514 pa (FTE)
<b>Weekend Enhancement</b>	<p>Not applicable.</p> <p>The full time working week for this post is 37 hours. However due to the nature and seniority of the post there is a requirement to work longer hours as necessary. No additional payment/enhancement for any hours worked in excess of 37 hours per week or hours undertaken outside of normal office hours are applicable.</p>		<p>Where hours are worked at weekends on an ad hoc, irregular basis as part of normal flexibility to meet service demands, enhanced payments for weekend working will not apply and time off in lieu should be taken or flexi time recorded.</p> <p>For all hours worked on a Saturday or Sunday as part of a regular, rostered arrangement, payment will be at time plus one half of basic pay.</p>	
<b>Night Enhancement</b>	<p>Not applicable.</p> <p>The full time working week for this post is 37 hours. However due to the nature and seniority of the post there is a requirement to work longer hours as necessary. No additional payment/enhancement for any hours worked in excess of 37 hours per week or hours undertaken outside of normal office hours are applicable.</p>		<p>Where a designated waking night shift is undertaken by a designated night worker payment will be made at time plus one third of basic pay.</p>	
<b>Standby Allowance</b>	<p>Not applicable.</p> <p>The full time working week for this post is 37 hours. However due to the nature and seniority of the post there is a requirement to work longer hours as necessary. No additional payment/enhancement for any hours worked in excess of 37 hours per week or hours undertaken outside of normal office hours are applicable.</p>		<p>Stand-by Allowance is payable when an employee is required to be on stand-by in order to be available for call out in an emergency outside of normal working hours.</p> <p>Stand-by Allowance is normally paid for a 12 hour session. Monday - Friday £9.58. Saturday/Sunday/Public Holidays £17.24 per session.</p>	
<b>Standby Callout</b>	<p>Not applicable.</p> <p>The full time working week for this post is 37 hours. However due to the nature and seniority of the post there is a requirement to work longer hours as necessary. No additional payment/enhancement for any hours worked in excess of 37 hours per week or hours undertaken outside of normal office hours are applicable.</p>		<p>Standard - Employees called out to work during a period of stand-by, time worked over 30 minutes in any 12 hour period of stand-by will be paid at basic rate plus one half subject to a minimum payment of two hours.</p> <p>Bank Holiday - Employees called out to work whilst on stand-by duty on Christmas Day, Boxing Day, New Year's Day, Good Friday or Easter Monday will receive triple pay for all hours worked over 30 minutes in any 12 hour period. Double time will be paid for hours worked over 30 minutes in any 12 hour period when called out on other public holidays. Payments are subject to a minimum payment of two hours at the enhanced rate when called out.</p> <p>Best endeavours arrangement (i.e. no specific stand-by requirement) will receive the appropriate Stand-by Allowance and compensation for time worked in accordance with the Callout Scheme if called out and required to work more than 30 minutes in any one 12 hour period. If called out and required to undertake work for less than 30 minutes, they will receive the appropriate Stand-by Allowance in complete recompense.</p>	
<b>Overtime</b>	<p>Not applicable.</p> <p>The full time working week for this post is 37 hours. However due to the nature and seniority of the posts there is a requirement to work longer hours as necessary. No additional payment/enhancement for any hours worked in excess of 37 hours are applicable.</p>		<p>Usually overtime worked to manage peaks in workload should be taken as time off in lieu/flexitime at a later date. Where payment for overtime is authorised by a manager for work above 37 hours per week, payment will be at the employee's usual hourly rate (plain time).</p> <p>Exceptionally, where overtime is worked during a shift when enhanced payments are applicable for unsocial hours working, the appropriate enhanced rate will be paid in complete recompense.</p>	

<b>Public Holiday Enhancements</b>	<p>Not applicable.</p> <p>The full time working week for this post is 37 hours. However due to the nature and seniority of the post there is a requirement to work longer hours as necessary. No additional payment/enhancement for any hours worked in excess of 37 hours per week or hours undertaken outside of normal office hours are applicable.</p>	<p>Where work is required to be undertaken on a public holiday, payment is at double time for all hours worked on spring and late summer public holidays (May and August) and on May Day. Work on Christmas Day, Boxing Day, New Year's Day, Good Friday and Easter Monday is paid at triple basic pay rate for all hours worked.</p>
<b>Sleeping In</b>	<p>Not applicable.</p>	<p>If required to sleep in on work premises a sleeping in payment of £34.34 is payable per night. This rate covers the requirement to sleep in and up to 30 minutes call out per night. Any additional time worked in excess of 30 minutes during a sleeping in shift can be claimed, where approved, as additional hours.</p>
<b>First Aid Allowance</b>	<p>A designated first aider (appointed person) for a place of work is paid a first aid allowance of £19.75 per month. This allowance is under review, as part of a wider review to modernise a range of employment policies and practices.</p>	
<b>Retainer Payment</b>	<p>Not applicable</p>	<p>Retainer payments for School Crossing Patrols and Passenger Assistants (employed directly by the County Council) ceased in October 2015. Three years cash protection applies until 2018.</p>
<b>Returning Officer Fees</b>	<p>The Chief Executive is the Returning Officer for County Council Elections. The Chief Executive salary is inclusive of returning officer fees.</p>	<p>Not applicable.</p>
<b>Remuneration on Recruitment</b>		
<b>Starting Salaries</b>	<p>Upon recruitment, appointment is made to the minimum spinal column point, with discretion to determine a higher incremental point subject to the following criteria:-</p> <ul style="list-style-type: none"> <li>- the individual's knowledge, skills, experience and qualifications relating to the requirements of the role;</li> <li>- performance/capability as evidenced during the recruitment process;</li> <li>- existing market forces;</li> <li>- consideration of existing employees performing the same role as matched against the above criteria.</li> </ul>	
<b>Recruitment and Retention Payments</b>	<p>Not applicable.</p>	<p><b>Labour market increments</b> (LMI's) are additional increments added to the top of the pay scale for a post where there is sufficient evidence that the current Dorset Grade maximum is insufficient to recruit or retain employees of the appropriate competence/skill mix. LMI's are approved by the Director and Elected Member and all posts attracting market forces increments are reassessed every three years in accordance with the Labour Market Adjustment Scheme in order to take account of current labour market information and evidence. If following review LMI's are reduced or removed a 3 year period of cash protection is applied.</p> <p><b>Key Skills Recruitment &amp; Retention Bonus Scheme</b> – introduced in 2016 a bonus scheme may be applied to any posts at any grade where a clear skills shortage and difficulty in recruiting key staff can be demonstrated. The bonus payable will be an amount between £1,500 and £2,000 (pro rata for part time positions) depending on the approved business case.</p> <p><b>Family and Friends Referral Scheme</b> – introduced in 2016 this scheme is available to certain employees of the council and is intended to assist in the recruitment and retention of key staff in difficult to recruit to posts. The Director or Chief Executive can consider offering the friends and family referral payment to an existing employee who refers a successful candidate to a key vacancy. The amount payable is set at a maximum of £1,000 regardless of the post, pro rata for part time positions.</p>
<b>Increases and Additions to Remuneration</b>		
<b>Payments for additional duties</b>	<p>Not applicable.</p>	<p>Acting up payment may apply where there is a requirement to undertake additional responsibilities for an extended period (normally over 4 weeks). A full acting up payment is calculated as the difference between the salary of the employee acting up and the minimum point of the grade of the post being covered. When an employee is already paid on a point within the higher grade, the allowance will be calculated based upon the next point within the grade. Where only part of the duties are being undertaken a proportioned (percentage) payment is made.</p> <p>An honorarium payment (usually a one off amount of up to £100) can be awarded to an employee who has performed exceptionally outside of the normal scope of their duties e.g. work on a complex temporary project.</p>

<b>Cost of Living Pay Increases</b>	<p>Chief Executive - Cost of living pay increases agreed by Joint Negotiating Committee for Chief Executives of Local Authorities. Pay increase of 1% agreed from 1 April 2016.</p> <p>Directors - Cost of living pay increases are agreed by the Joint Negotiating Committee for Chief Officers of Local Authorities. Pay increase of 1% agreed from 1 April 2016.</p>	<p>Cost of living pay increases are agreed by the National Joint Council for Local Government Services. The last cost of living pay increase of 1% was awarded from 1 April 2016.</p>		
<b>Salary Protection</b>	<p>18 months' salary grade protection applicable in cases of redeployment due to redundancy or reorganisation.</p> <p>12 months allowance/enhancement protection applicable in cases of redeployment due to redundancy or reorganisation where certain conditions apply.</p>			
<b>Performance Related Pay</b>				
<b>Incremental/Scale Progression</b>	<p>Chief Executive - Competence based incremental progression, to the maximum of the grade, is subject to an annual externally facilitated appraisal by a panel of elected members comprising of the Chairman of the County Council and the political group leaders.</p> <p>Directors - Competence based incremental progression is subject to an annual performance review with the Chief Executive. The panel of elected members as outlined above determine incremental progression for competency related points on the recommendation of the Chief Executive following a performance review.</p>	<p>Heads of Service/Assistant Directors/Service Directors – Competence based incremental progression is subject to an annual performance review and subject to confirmation by the Director/Chief Executive.</p>	<p>Incremental Progression – Progression through service increments takes place on 1 April each year. Service increments are automatic but can be withheld as part of action under capability or disciplinary procedures.</p> <p>Thereafter the remaining increments are competency related and payable based on satisfactory performance and development which is measured against agreed targets linked to objectives and priorities.</p> <p>Increments are payable on 1 April each year. Employees appointed between 1 October and 31 March may receive their first increment 6 months after commencement.</p>	
<b>Merit Increments</b>	<p>Not applicable.</p>		<p>Where there is a need to recognise exceptional effort/performance in circumstances which do not meet the guidelines for acting up or honoraria payments, managers can authorise the award of one or two merit increments (within the appropriate grade). These are permanent additions to pay.</p>	
<b>Payments on Ceasing to Hold Office</b>				
<b>Notice Period</b>	<p>Where an appointment is subject to a probationary period it may be terminated by 1 week's notice on either side. Thereafter;</p> <p>Following any probationary period employees in this group are required to give 13 weeks notice.</p> <p>Following any probationary period DCC is required to give employees in this group 13 weeks notice.</p> <p>Following any probationary period the contractual notice requirements go beyond those required by the Employment Rights Act 1996 which provide for 1 week's notice for each year of continuous employment up to a maximum of 12 weeks.</p>	<p>Where an appointment is subject to a probationary period it may be terminated by 1 week's notice on either side. Thereafter;</p> <p>Following any probationary period employees in this group are required to give 13 weeks notice</p> <p>Following any probationary period DCC is required to give employees in this group 13 weeks notice</p> <p>Following any probationary period contractual notice requirements go beyond those required by the Employment Rights Act 1996 which provide for 1 week's notice for each year of continuous employment up to a maximum of 12 weeks.</p>	<p>Where an appointment is subject to a probationary period it may be terminated by 1 week's notice on either side. Thereafter employees in this group are required to give 4 weeks notice.</p> <p>Following any probationary period DCC is required to give employees in this group 4 four weeks notice extended (as appropriate) by the Employment Rights Act 1996 to provide for 1 week's notice for each year of continuous employment up to a maximum of 12 weeks.</p> <p>Following any probationary period contractual notice requirements in the first three years go beyond those required by the Employment Rights Act 1996.</p>	
<b>Redundancy Provisions</b>	<p>As part of a review to modernise a range of employment policies and practices the Staffing Committee will be considering a proposal to reduce the current redundancy multiplier for any redundancy dismissals that take effect after 31 March 2017, from 1.75 times the statutory redundancy pay formula based on actual weekly wage.</p>			

Appendix B1 - Schedule of Partnerships Chief Officers Remuneration

Position Title	Partnership	Overview Table Category (Appendix A2/B2)	National Terms and Conditions of Service	FTE Annual Salary as at 01.01.17	FTE Salary Range £ per annum	Grade	FTE Allowances £ per annum
The Better Together Programme is a partnership between Dorset County Council, Bournemouth Borough Council, Borough of Poole and the NHS. Dorset County Council's contribution to the remuneration package is 24%.							
Temporary Programme Director - Integrated Health and Social Care	Sustainable Transformation Programme	N/A	N/A	Consultant rate *£700 daily rate (includes all fees) for which DCC contributes 14%	N/A	N/A	N/A
The Dorset Waste Partnership is a partnership between Dorset County Council and the District Councils (Christchurch, East Dorset, North Dorset, Purbeck, West Dorset and Weymouth and Portland). Dorset County Council's contribution to the remuneration package is 64%.							
Director of Dorset Waste Partnership	Dorset Waste Partnership	Chief Officer Heads of Service/Assistant Director/Service Director (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£86,500	£86,500-91,000	CO Salary Band 3	£0
Head of Service - Operations	Dorset Waste Partnership	Chief Officer: Other (Green Book Terms and Conditions) Appendix A2 Overview table	NJC for Local Government Services (Green Book Terms & Conditions)	£53,078	£52,149-58,889	Dorset Grade 16	£0
Head of Service - Strategy	Dorset Waste Partnership	Chief Officer: Other (Green Book Terms and Conditions) Appendix A2 Overview table	NJC for Local Government Services (Green Book Terms & Conditions)	£53,078	£52,149-58,889	Dorset Grade 16	£0
Finance & Commercial Manager	Dorset Waste Partnership	Chief Officer: Other (Green Book Terms and Conditions) Appendix A2 Overview table	NJC for Local Government Services (Green Book Terms & Conditions)	£53,078	£52,149-58,889	Dorset Grade 16	£0
The Public Health Service is a partnership between Dorset County Council, Bournemouth Borough Council and the Borough of Poole. Dorset County Council's contribution to the remuneration package is 55%. Public Health transferred to Local Authorities on 1 April 2013 from the Primary Care Trust (National Health Service) with protected terms and conditions of employment.							
Director of Public Health Dorset, Bournemouth and Poole (Part Time)	Public Health	Chief Officer Chief Executive & Directors (JNC Terms and Conditions)	JNC for Chief Officers of Local Authorities	£125,031 (pro rata £91,235.16)	£110,524-125,031	Director	No allowances *
Assistant Director of Public Health Dorset	Public Health	Statutory Transfer Order Appendix B2 Overview table	Protected terms and conditions under Statutory Transfer Order	£90,263	£75,249 - £101,451	Consultant Pay Scale	Allowance** £5,914
Public Health Consultant (Part Time)	Public Health	Statutory Transfer Order Appendix B2 Overview table	Protected terms and conditions under Statutory Transfer Order	£90,263 (pro rata £81,237)	£75,249 - £101,451	Consultant Pay Scale	Allowance** £2,957



Public Health Consultant	Public Health	Statutory Transfer Order Appendix B2 Overview table	Protected terms and conditions under Statutory Transfer Order	£84,667	£75,249 - £101,451	Consultant Pay Scale	£0
Public Health Consultant	Public Health	Appendix B2 Overview table	NHS terms and conditions as at 01.04.13	£70,631 (pro rata £50,112)	£65,922 - £81,618	Agenda for Change Band 8 D	£0
Assistant Director of Public Health Dorset	Public Health	Statutory Transfer Order Appendix B2 Overview table	Protected terms and conditions under Statutory Transfer Order	£81,618 (pro rata £69,636)	£65,922 - £81,618	Agenda for Change Band 8 D	£0
Deputy Director - Public Health Bournemouth	Public Health	Statutory Transfer Order Appendix B2 Overview table	Protected terms and conditions under Statutory Transfer Order	£93,944	£77,850 - £98,453	Agenda for Change Band 9	£0
Assistant Director of Public Health Poole	Public Health	Statutory Transfer Order Appendix B2 Overview table	Protected terms and conditions under Statutory Transfer Order	£81,618	£65,922 - £81,618	Agenda for Change Band 8 D	£0

\* Director of Public Health moved across to Chief Officer terms and conditions with effect from 1 April 2015.

\*\* The Allowance is a Clinical Excellence Award in line with National Health protected terms and conditions of employment for which Appendix B2 provides details.

Appendix B2 - Overview Table of Policies Relating to Remuneration for Partnership arrangements for Public Health chief officers.

	<u>Public Health</u> Statutory Transfer Order protections apply Medical Staff (British Medical Association Consultants Terms & Conditions)	<u>Public Health</u> Statutory Transfer Order protections apply Non Medical Staff (Agenda for Change Terms & Conditions)
<b>Elements of Remuneration</b>		
<b>Basic Salary Range</b>	See Appendix B1	See Appendix B1
<b>Plussage to Basic Grade</b>	Eligible Medical Consultants can apply for a Clinical Excellence Award which recognises and rewards those consultants who contribute most towards the delivery of safe and high quality care to patients and the continuous improvement to NHS Services. Where relevant, this is included in the figures for remuneration at Appendix B1.	Not Applicable
<b>Weekend and Night Enhancement</b>	Where a consultant is required to participate in an on-call rota, the Job Plan will set out the frequency of the rota	All time on Saturday (weekend - midnight to midnight) (night - any weekday after 8pm and before 6am) Pay Band 1 time plus 50% Pay Band 2 time plus 44% Pay Band 3 time plus 37% Pay Band 4 - 9 time plus 30%  All time on Sunday (midnight to midnight) Pay Band 1 double time Pay Band 2 time plus 88% Pay Band 3 time plus 74% Pay Band 4 - 9 time plus 60%
<b>Standby Allowance</b>	On Call enhancement is payable where an employee is required to be on call in order to be available for call out in an emergency outside of normal working hours.  The On Call enhancement is an additional percentage plussage based on basic hourly rate which is dependant upon the frequency of on-call periods undertaken: High Frequency - 8% Medium Frequency - 5% Low Frequency - 3%	On Call enhancement is payable where an employee is required to be on call in order to be available for call out in an emergency outside of normal working hours.  The On Call enhancement is an additional percentage plussage based on basic hourly rate which is dependant upon the frequency of on-call periods undertaken: 1 in 3 or more = 9.5% between 1 in 3 and 1 in 6 = 4.5% between 1 in 6 and 1 in 9 = 3% between 1 in 9 and 1 in 12 = 2% less frequent than 1 in 2 = by local agreement
<b>Standby Callout</b>	Standard - Employees called out to work during a period of on call will be paid at basic rate plus one half plus receive time off in lieu for hours worked.  Bank Holiday - Employees called out to work during a period of on call will be paid double time plus receive time off in lieu for hours worked.	
<b>Overtime</b>	Non emergency work after 7pm and before 7am during weekdays or at weekends will only be scheduled by mutual agreement between the consultant and his or her clinical manager. Consultants will have the right to refuse non-emergency work at such times	Salary Bands 1 - 7 are eligible for overtime payments. Where payment for overtime is authorised by a manager for work above 37.5 hours per week, payment will be at time plus one half based on the employee's basic hourly rate. Double time will be paid for overtime worked on Bank Holidays.  Part time employees will receive payment for the additional hours at plain time rate until their hours exceed standard hours of 37.5 hours per week.  Staff may request time off in lieu as an alternative to overtime payments. However where hours are unable to be taken within 3 months, the overtime rate will be applied. Time off in lieu of overtime payments will be at plain time.  Senior staff paid in bands 8 or 9 will not be entitled to overtime payments.

<b>Public Holiday Enhancements</b>	Consultants who in the course of their duties are required to be present in hospital or other place of work between the hours of midnight and 9am on statutory or public holidays should receive a day off in lieu.	Equivalent time off in lieu at plain time rates, in addition to the appropriate payment:  All time on Public Holidays (midnight to midnight) Pay Band 1 double time Pay Band 2 88% Pay Band 3 74% Pay Band 4 - 9 60%
<b>Remuneration on Recruitment</b>		
<b>Starting Salaries</b>	Upon recruitment, appointment is made to the minimum spinal column point. Discretion to appoint to a higher incremental point is subject to the individual's knowledge, skills, experience and qualifications relating to the requirements of the role together with aggregated service with the NHS.	
<b>Increases and Additions to Remuneration</b>		
<b>Cost of Living Pay Increases</b>	The last cost of living pay increase agreed by the National Health Service Staff Council was awarded in 2015 and there will be no further increases.	
<b>Salary Protection</b>	<p>NHS - Bournemouth &amp; Poole Protection applies to staff who commenced employment on or after 1 October 1995 subject to having served a 12 month qualifying period; Short Term Protection - payable up to a maximum of 6 months Long Term Protection - payable up to a maximum of 7 years</p> <p>NHS Dorset Protection applies to staff dependant upon length of service; Short Term Protection - payable up to a maximum of 12 months Long Term Protection - payable up to a maximum of 4 years on a reducing percentage basis</p>	
<b>Performance Related Pay</b>		
<b>Incremental/Scale Progression</b>	<p>Medical Consultants Thresholds are set annually by the NHS Staff Council. The first 4 thresholds are awarded at one yearly intervals with the following 3 thresholds awarded at five yearly intervals based on successfully meeting set criteria.</p>	<p>Incremental Progression - Following an initial foundation (probation period) of up to 12 months, progression to the next point is subject to meeting criteria set under the Knowledge and Skills Framework for the post. Progression to subsequent points is every 12 months thereafter, until a second gateway point is reached and a further assessment against set criteria is undertaken as part of the development review.</p>
<b>Payments on Ceasing to Hold Office</b>		
<b>Notice Period</b>	3 months notice (although a longer / shorter period can be mutually agreed)	<p>Band 1 - 5 one months notice Band 6 + 3 months notice</p>
<b>Redundancy Provisions</b>	Redundancy Payment entitlement after completion of 2 years continuous services is one month's pay for each complete year of service up to a maximum of 24 years reckonable service.	

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Extract from the minutes of the Pension Fund Committee meeting held on 9 January 2017.

## **LGPS Investment Reform and Pooling - Approval of the Full Business Case for the Brunel Pension Partnership**

5 The Committee considered a report by the Fund Administrator setting out the Full Business Case (FBC) for the Brunel Pension Partnership (BPP). He highlighted the clear legal requirement for Local Government Pension Scheme (LGPS) funds to pool investments, including the provision for the Secretary of State to intervene should funds not meet this requirement satisfactorily. He also reminded members that the feedback from the Department for Communities and Local Government (CLG) on earlier proposals had been that the pooling vehicle must be subject to Financial Conduct Authority (FCA) regulation.

The Fund Administrator told members that the key sensitivity to the Financial Case was the level of estimated savings from investment manager fees. The level of estimated savings had been 'stress tested' by Bfinance, investment consultants, who had extensive knowledge of the market and had worked with the Fund previously. A member asked if the pessimistic scenario of minus 2 basis points (0.02%) was too low. The Fund Administrator replied that he was reasonably confident that the level of savings achieved would be within the sensitivity range set out in the FBC.

The Fund Administrator confirmed that progress on developing BPP was significantly advanced compared to most other pools but the timetable for implementing the FBC was tight. Progress would be reported to the Committee as a standing item on the agenda of all future meetings. It was agreed that the standing item would include details of the five major risks facing the project.

The Independent Adviser commented that the FBC reflected a great deal of good quality work to get to this stage. He also highlighted that the estimated savings needed to be viewed in the context of the size of the deficit. He asked for clarity of the precise legal status of the Collective Investment Vehicle (CIV). The Chairman asked officers to liaise with Osborne Clarke, the project's legal advisers, to provide a detailed explanatory note.

One member noted the significant costs of transition and queried whether central government should be asked for financial support as investment pooling was now a legal requirement for LGPS funds, not a choice. The Chairman confirmed this had been raised with Marcus Jones MP, Minister for Local Government, who had replied that no funding was available from CLG and that funds were effectively 'investing to save'. The Chairman added however that funds would continue to lobby government for an exemption to the application of Stamp Duty Land Tax (SDLT) on the transfer of assets from individual funds to their respective pooled vehicles as this was viewed as an unintended windfall gain for HM Treasury.

The Interim Chief Treasury and Pensions Manager reported that a recruitment agency had been appointed to recruit the chairman of BPP Ltd by March 2017, and two non-executive directors (NEDs) thereafter. A third NED would be appointed at a later date, and would represent the shareholders (the ten member funds). Members requested that the Committee be informed of the process and deadlines for appointing the shareholders' representative NED when known.

One member asked if the staff employed by BPP Ltd would have local government and LGPS experience. The Fund Administrator replied that recruitment to the new company would be open, and not subject to Transfer of Undertakings Protection of Employment (TUPE) regulations. In order to meet the needs of the company, staff appointed were likely to be a mix of those with previous local government and LGPS

experience, and those with FCA regulated experience.

On member asked if the IT systems required by the new company would be bespoke or 'off the shelf'. The Fund Administrator anticipated that it would mostly be 'off the shelf' but requirements, such as performance reporting, may require a bespoke solution.

**Resolved**

1. That the Brunel Pension Partnership investment pool be developed, funded and implemented substantially in accordance with the terms and provisions described in the Full Business Case, and more particularly:
  - that a FCA regulated company to be named Brunel Pension Partnership Limited be established, and that the company be operated with all necessary and appropriate arrangements as to its ownership, structure, governance and services capability;
  - that a new supervisory body comprising representatives of the Council and all other participants in the Brunel Pension Partnership be established to ensure oversight of the Council's investment and participation in the Brunel Pension Partnership;
  - that Dorset County Council as administering authority owns a 10% share in Brunel Pensions Partnership Limited.
2. That the Chief Finance Officer and Chief Legal Officer be authorised and granted delegated powers to undertake such tasks as they think appropriate to progress implementation of investment pooling, and to take such decisions and do all things deemed necessary in order to support the Pension Fund Committee and to promote the interests of the Council with respect to pooling, which without limitation shall include informing and advising the Pension Fund Committee on the continued viability and suitability of investment pooling in light of any developments, financial or otherwise, in the period up to the establishment of the Brunel Pension Partnership.
3. That, subject to the above, all such matters be carried out with the aim of achieving a target date for investment pooling of 1 April 2018, and otherwise subject to such intermediate steps and timescales as may be considered appropriate and necessary by the Pension Fund Committee.
4. That there be a standing item on all future agendas to update progress against implementing the Full Business Case.
5. That recommendations 1 to 3 above are reported to Dorset County Council, as administering authority for the Fund.