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Democratic and Member Support

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Published 20 January 2017

CITY COUNCIL

Monday 30 January 2017

2 pm

Council House, Plymouth

Members:

Councillor Murphy, Chair

Councillor Sam Davey, Vice Chair

Councillors Mrs Aspinall, Ball, Mrs Beer, Bowie, Bowyer, Mrs Bowyer, Mrs Bridgeman, Carson, Churchill, Coker, Cook, Dann, Darcy, Philippa Davey, Deacon, Downie, Drear, Evans, Fletcher, K Foster, Mrs Foster, Fry, Hendy, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Sam Leaves, Loveridge, Lowry, Dr Mahony, Mavin, McDonald, Morris, Nicholson, Parker-Delaz-Ajete, Penberthy, Mrs Pengelly, Rennie, Ricketts, Riley, Singh, Smith, Sparling, Stevens, Storer, Jon Taylor, Kate Taylor, Tuffin, Tuohy, Vincent, Wheeler, Wiggins and Winter.

Members are invited to attend the above meeting to consider the items of business overleaf.

This meeting will be webcast and available on-line after the meeting. By entering the Council Chamber, councillors are consenting to being filmed during the meeting and to the use of the recording for the webcast.

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Tracey Lee

Chief Executive

City Council

AGENDA

1. APOLOGIES

To receive apologies for absence submitted by councillors.

2. MINUTES (Pages 1 - 10)

To approve and sign, as a correct record, the minutes of the meeting of the City Council held on 21 November 2016.

3. DECLARATIONS OF INTEREST (Pages 11 - 12)

Councillors will be asked to make declarations of interest in respect of items on this agenda. A flowchart providing guidance on interests is attached to assist councillors.

4. ANNOUNCEMENTS

- (a) To receive announcements from the Lord Mayor, Chief Executive, Assistant Director for Finance or Head of Legal Services;
- (b) To receive announcements from the Leader, Cabinet Members or Committee Chairs.

5. QUESTIONS BY THE PUBLIC

RECOMMENDATIONS FROM CABINET AND OTHER COMMITTEES

6. Council Tax Base Setting 2017/18 (Pages 13 - 20)

Cabinet Member: Councillor Darcy (Cabinet Member for Finance).

The City Council will be asked to approve the Council Tax Base setting for 2017/18.

The minute of Cabinet held on 17 January 2017 will be submitted together with the report considered at Cabinet.

7. Council Tax Support Scheme 2017/18 (Pages 21 - 52)

Cabinet Member: Councillor Downie (Cabinet Member for Safer and Stronger Communities).

The City Council will be asked to approve the Council Tax Scheme for 2017/18.

The minute of Cabinet held on 17 January 2017 will be submitted together with the report considered at Cabinet.

8. Tamar Bridge and Torpoint Ferry Joint Committee Capital (Pages 53 - 98) and Revenue Budget 2017/18

Cabinet Member: Councillor Nicholson (Cabinet Member for Strategic Housing, Transport and Planning).

The City Council will be asked to approve the Tamar Bridge and Torpoint Ferry Joint Committee's 2017/18 Revenue Estimates and Capital Programme.

The minute of Cabinet held on 17 January 2017 will be submitted together with the report considered at Cabinet.

9. CHANGES TO THE GOVERNANCE ARRANGEMENTS OF THE COUNCIL (Pages 99 - 108)

Members will be asked to approve recommendations of the Constitutional Review Group.

10. PAY POLICY STATEMENT 2016/2017 (Pages 109 - 120)

Tracey Lee (Chief Executive) will submit a report seeking approval of the Pay Policy Statement 2017/18.

11. NATIONAL SCHEME FOR AUDITOR APPOINTMENTS (Pages 121 - 132)

Decision to Opt in to the National Scheme for Auditor Appointments with Public Sector Audit Appointments as the "appointing person".

12. MOTIONS ON NOTICE

To consider motions from councillors in accordance with Part B, paragraph 14 of the Constitution.

13. QUESTIONS BY COUNCILLORS

Questions to the Leader, Cabinet Members and Committee Chairs covering aspects for their areas of responsibility or concern by councillors in accordance with Part B, paragraph 12 of the constitution.

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City Council**Monday 21 November 2016****PRESENT:**

Councillor Murphy, in the Chair.

Councillor Sam Davey, Vice Chair.

Councillors Mrs Aspinall, Ball, Mrs Beer, Bowie, Bowyer, Mrs Bowyer, Mrs Bridgeman, Carson, Churchill, Coker, Cook, Dann, Darcy, Philippa Davey, Deacon, Downie, Drean, Evans, Fletcher, K Foster, Mrs Foster, Fry, Hendy, James, Jordan, Kelly, Martin Leaves, Michael Leaves, Sam Leaves, Loveridge, Lowry, Dr Mahony, Mavin, McDonald, Morris, Nicholson, Parker-Delaz-Ajete, Penberthy, Mrs Pengelly, Rennie, Ricketts, Riley, Singh, Smith, Sparling, Stevens, Storer, Jon Taylor, Kate Taylor, Tuffin, Tuohy, Vincent, Wheeler, Wiggins and Winter.

Also in attendance: Tracey Lee (Chief Executive), David Shepperd (Head of Legal Services), Judith Shore (Democratic and Member Services Manager) and Amelia Boulter (Democratic Support Officer).

The meeting started at 2.00 pm and finished at 6.46 pm.

Note: The full discussion can be viewed on the webcast of the City Council meeting at www.plymouth.gov.uk. At a future meeting, the Council will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

40. Minutes

The minutes of the special and ordinary meetings of 19 September 2016 were agreed.

41. Declarations of Interest

The following declarations of interest were made by councillors in accordance with the code of conduct in respect of items under consideration at the meeting -

Name	Minute Number	Reason	Interest
Councillor Jon Taylor	Minute number 45, 49a, b and c	Employed by NEW Devon CCG	Personal
Councillor Michael Leaves	Agenda item 49a	Taxi driver contracted to deliver goods on behalf of the pharmacies	DPI
Councillor Sam Leaves	Minute number 49a	Husband is a taxi driver contracted to deliver goods on behalf of the pharmacies	DPI
Councillor Sam Leaves	Minute number 45, 49b and c	Employed by NEW Devon CCG	Personal
Councillor P Davey	Minute number 45	Member of the Women's Hockey Club, Marjons	Personal

42. **Appointments to Committees, Outside Bodies etc**

The following changes reported to the Assistant Director and Head of Legal Services were noted –

	Committee	Membership/Nomination
a	Corporate Parenting Group	Councillor Bowie to be replaced by Councillor McDonald
b	Planning Committee	Councillor Jon Taylor to be replaced by Councillor McDonald
c	Standards Advisory Group	Councillor Mrs Pengelly to be replaced by Councillor Fletcher to be the Chair
d	Wellbeing Overview and Scrutiny Committee	Councillor McDonald to be replaced by Councillor Sparling

	Outside Body	Membership/Nomination
a	Fostering Panel	Councillor Downie to be replaced by Councillor Loveridge
b	<u>Early Years Strategic Partnership</u> The Early Years Strategic Partnership was one of two groups merged this year to form the Maternity and Early Years Systems Optimisation Group, MEYSOG does not set strategic direction – it provides a forum for providers, commissioners and other stakeholders to work together to implement the system re-design. Councillor representatives have been consulted and support the view that it is no longer necessary for councillors to be members of the group. Council were asked to note that this group would be removed from the list of Outside Bodies.	

43. **Announcements**

The Lord Mayor made the following announcements:

- (a) Alderman Sylvia Bellamy – Members were advised that Alderman Sylvia Bellamy passed away in September.
- (b) Alderman Joan Stopperton – Members were advised of further sad news that Alderman Joan Stopperton had passed away.

As a mark of respect for Alderman Sylvia Bellamy and Alderman Joan Stopperton, Members observed a minute's silence as a mark of respect.

- (c) The Lord Mayor welcomed members of staff to the Council and presented certificates and trophies to individuals and teams who had been successful in achieving the following:
 - Customer Service Excellence Award – Craig Fritzche, Sandy Whitehead, Karen Adamson and Carly Wills from the Customer Service Team;
 - South West Business Insider Award – Councillor Bowyer and David Draffan;

- Devon Tourism Award – Councillor Bowyer, Councillor Jordan, Jamie Yabsley and Steve Donald;
- Cost Sector Catering Education Award 2016, LACA Business of the Year 2016, EDUcatering Magazine: Local Authority Caterer of the Year 2016 – Rebecca Doran, Claire Pertiller and Paula Walsh.

(d) Announcements from the Leader, Councillor Bowyer:

- Devonport Dockyard, Stonehouse Barracks and Royal Citadel closure;
- Student accommodation.

(e) Announcement from the Deputy Leader, Councillor Nicholson:

- Peninsula Rail Taskforce 20 year plan.

(f) Announcement from the Cabinet Member for Health and Adult Social Care, Councillor Mrs Bowyer:

- Update on progress on the motion on notice on GP surgeries and the potential closure of the Cumberland Centre.

(g) Announcement from the Chair of the Wellbeing Overview and Scrutiny Panel, Councillor Mrs Aspinall:

- Following the recent motion on notice on NHS proposals not to re-procure GP surgeries, the panel met on 6 October 2016 to consider information provided by NHS England and other contributors. The Panel made a number of recommendations but were unable to make a formal referral to the Secretary of State.

44. Questions by the Public

One question was submitted by members of the public for this meeting, in accordance with Part B, paragraph 11 of the Constitution.

In the absence of Mr Sharpe the following question and response was circulated and a written response would be sent to him after the meeting –

Q2/ 16-17	Mr Sharpe	Councillor Patrick Nicholson	Implementation of planning applications
If possible, please could it be disclosed, for the last 5 years, how many of the planning applications passed by Plymouth City Council have failed to be implemented by the end of the allocated time scale?			
Response: There is no national requirement or need to monitor the implementation of every single consented planning application. The City Council does not therefore as a matter of routine monitor every single planning application as this would be too resource			

intensive. We do however monitor the implementation of major housing and employment sites linked to specific programmes or initiatives – such as the Market Recovery Scheme (2009), the Get Plymouth Building Programme (2012) or the Plan for Homes (2013). We also undertake annual surveys to monitor the delivery of sites for the 2007 adopted Plymouth Core Strategy, and the associated Area Action Plans.

Between 2011 and April 2016, there were 38 planning applications for housing on sites that were not implemented, of which 12 were on sites of 10 or more dwellings.

In the last 3 years there has been £763.5 Million of development activity, of which £588.2 Million has been built, or is currently under construction; leaving £175.3 Million of housing and commercial development approved which has not yet started.

As at April 2016, there were 4,944 homes with planning permission that had not started construction. However, since then 1,648 dwellings have been completed on 20 sites. A further 2,415 dwellings are on sites that have already commenced construction, so will be built in due course. We estimate that there are 21 ‘genuinely’ stalled housing sites with the potential to yield up to 717 homes. Each of these has a “Plan of Action” which includes a clear delivery strategy and consideration of possible next steps.

In the last 3 years there were 1,147 homes consented on 16 sites where the planning permission has been allowed to lapse by the developer/landowner. Again, we have been through every one of these and have a clear delivery strategy on sites we still think have some potential, although some of these sites have fundamental viability issues, which means they are unlikely to be developed in the future.

There have been only 6 major planning consents for commercial sites in the last 3 years that have either not been completed or started on site. 3 of these sites are now actively progressing with City Council help, 1 site will not progress, but the City Council is working with the landowner to bring forward a different scheme on the site, and on the other 2 sites there is no clear way forward from the private sector at this stage.

The City Council has therefore proactively looked at every single major development site to see what we can do to convert the planning consents we have given to delivery on the ground.

45. **Medium Term Financial Strategy**

Councillor Darcy (Cabinet Member for Finance/ICT) presented the report on the Medium Term Financial Strategy and Councillor Bowyer (Leader) seconded the report. Following the vote, the Council agreed the Medium Term Financial Strategy.

46. **Capital and Revenue Monitoring Report 2016/17 - Quarter 2**

Councillor Darcy (Cabinet Member for Finance/ICT) presented the report on the Capital and Revenue Monitoring Report 2016/17 – Quarter 2, seconded by Councillor Mrs Pengelly. Following the vote, the Council agreed that the Capital Budget 2016-2021 is increased to £475m (shown in Table 6).

47. **Proposed Changes to Standing Orders in respect of Employment of the Chief Executive, Section 151 Officer and Monitoring Officer**

Councillor Bowyer (Leader) presented the report on the Proposed Changes to Standing Orders in respect of Employment of the Chief Executive, Section 151 and Monitoring Officer, seconded by Councillor Nicholson. Following a vote, it was agreed that –

1. Council amends the Employment Standing Orders in the Constitution to comply with the requirements of the new regulations (see appendix 1);
2. Council amends the Terms of Reference for the Chief Officer Appointments Dismissals and Appeals Panel (see appendix 2);
3. The Assistant Director for Human Resources and Organisational Development takes the necessary action to agree variations to the contracts of employment of the affected staff.

48. **Constitutional amendments - Council procedure rules**

Councillor Riley (Cabinet Member for HR/Democracy and Governance/Licensing) presented the report on Constitutional amendments – Council procedure rules, seconded by Councillor Ball.

Following a vote it was agreed that the recommendations were two separate matters and would be taken separately.

Following a vote, Council agreed:

1. Reply to questions by the public

That responses to questions by the public are moved from 5.1(i) to 5.1(g) and are heard directly after the Lord Mayor's announcements in order to welcome contributions from members of the public at an earlier stage of the meeting.

The amended constitution to read:

'(f) receive announcements from the Lord Mayor, Head of Paid Service, Responsible Finance Officer and Monitoring Officer

(g) reply to questions from the public

(h) receive announcements from the Leader, Cabinet members and committee chairs'

(Subsequent sections of 5.1 to be re-numbered accordingly).

Following a vote, Council agreed:

2. Receive announcements from the Leader, Cabinet members, committee chairs

Some meetings of Council are very lengthy (examples being the Council meetings held on 11 July and 19 September) and it is proposed that a time limit is introduced

for item (h) 'receiving announcements from the Leader, Cabinet members and committee chairs'. The introduction of a time limit could encourage more concise statements and members of the public present or viewing from home may be more appreciative of shorter Council meetings.

The amended constitution to read:

(Footnote added after (q) councillors' questions): 'Council will spend no longer than 30 minutes on item (h) receive announcements from the Leader, Cabinet members and committee chairs'.

49. **Motions on Notice**

(a) Cuts to Pharmacy Services

Councillor Tuffin proposed the motion and put forward an amendment. Councillor McDonald seconded the motion, as follows:

This Council notes that:

53 *Fifty three* pharmacies across the city of Plymouth offer a wide range of services ~~that play a role by recognising and evidencing role in improving~~ in improving the health of local population. In addition to the dispensing ~~and safe disposal of medicines, they offer advice and information in areas such as and their safe disposal such as the advice and information to promote wellbeing.~~ Examples include healthy eating, flu vaccination, sexual health and the management of obesity ~~that promote wellbeing~~. They also provide advice and support to care homes.

As a result of budget cuts nationally of £170m taking effect now this is resulting in a 6% cut in real terms now, but could, by making up for lost implementation time, mean a cut of 12% during this financial year. This could potentially shut down up to a quarter of pharmacies.

Cuts in pharmacies will put more residents at risk in addition to increasing the pressure on GP's and on local hospitals leading to increases in NHS costs and pressures on the wider care community.

This Council therefore agrees to write to the Secretary of State for Health and the Clinical Commissioning Groups serving Plymouth setting out our concerns and requiring an immediate reversal of these proposals.

Following a request from ten councillors for a recorded vote, the motion was lost.

For the proposal (26)

(Councillors Mrs Aspinall, Bowie, Coker, Dann, P Davey, S Davey, Evans, Hendy, Lowry, Mavin, McDonald, Morris, Parker-Delaz-Ajete, Penberthy, Rennie, Singh, Smith, Sparling, Stevens, J Taylor, K Taylor, Tuffin, Tuohy, Vincent, Wheeler and Winter)

Against the proposal (28)

(Councillors Ball, Mrs Beer, Bowyer, Mrs Bowyer, Mrs Bridgeman, Carson, Churchill, Cook, Darcy, Deacon, Downie, Drear, Fletcher, Foster, Mrs Foster, Fry, James, Jordan, Kelly, Michael Leaves, Loveridge, Dr Mahony, Nicholson, Pengelly, Ricketts, Riley, Storer and Wiggins)

Absent (2)

(Councillors Martin Leaves and Sam Leaves)

Abstention (1)

(Lord Mayor)

(Councillors Martin Leaves and Sam Leaves declared a DPI and left the meeting for this item).

(b) Wider Devon Sustainability and Transformation Plan (STP)

Councillor Bowyer proposed the motion, seconded by Councillor Evans as follows:

This Council notes the progress being made in the development of the Wider Devon Sustainability and Transformation Plan which includes Plymouth and Torbay.

These plans have attracted a lot of interest across the country and in some areas have attracted concern about the impact of these plans on services delivered through the NHS and Social Care and also about the lack of consultation with Local Authorities.

This Council wants to ensure that there are many opportunities for elected Members to be involved in developing and understanding the implications of the Wider Devon STP on NHS and Social Care services for the residents of Plymouth.

We want to see NHS and social care services which are properly funded and meet the needs of our residents.

The Wider Devon Case for Change highlights a number of reasons why this work is necessary and clarifies the system-wide challenge of £557 million by 2021 if transformational change is not taken and also identifies the need to shift resources within the Devon system to Plymouth.

This Council welcomes –

- the vision to deliver a clinically, socially and financially sustainable health and care system for the area that will improve the health and wellbeing of the population
- that the STP confirms that the allocation and spend of health resources is inequitable with a greater disparity between the allocation of resources for Plymouth and on mental health services across the whole of Devon.

There is an opportunity now, working as a single system, to build on the innovative work undertaken in Plymouth to create an integrated commissioning fund of £462m and an integrated health and social care community delivery service through Livewell Southwest.

This council believes that a Place based approach to commissioning services for the health and wellbeing of the whole population should be accelerated and capitation based budgets for the population established so we can drive the change we need to see in the STP and for the residents of Plymouth.

The City Council agrees to ask the Chief Executive to –

- (1) write to the STP Lead Chief Executive to ensure that a full written agreement is built in to the STP/ two year operational plan that shows how resource equity will be achieved through the work on sustainability;
- (2) arrange an urgent meeting with the STP Lead Chief Executive and the Plymouth City Council Group Leaders to discuss how this will be achieved and over what timescale;
- (3) arrange for the local MP's to be briefed on the position and ask them to support this important work;
- (4) arrange for the STP Chief Executive to do an all Council Member briefing on the STP.

Following a vote the motion was carried.

(c) Cumberland Doctors Surgery Devonport

Councillor Coker proposed the motion and the amendment to the motion. The motion was seconded by Councillor Stevens. Following a vote on the motion and the amendment, Council agreed:

This Council notes the disappointing decisions of NHS England not to re-procure the Cumberland Surgery.

The City Council agrees to –

1. Instruct the Director of Public Health to work with NHS England, the NEW Devon Clinical Commissioning Group and service providers to ensure that adverse impacts on patients as a result of this decision are minimised.
2. To direct the Wellbeing Scrutiny Committee to monitor the health indices for Devonport for evidence of any impacts of the decision.
3. To instruct the Director of Public Health to report to the Wellbeing Scrutiny Committee, as the statutory health scrutiny body, on a regular basis any impacts of this decision.

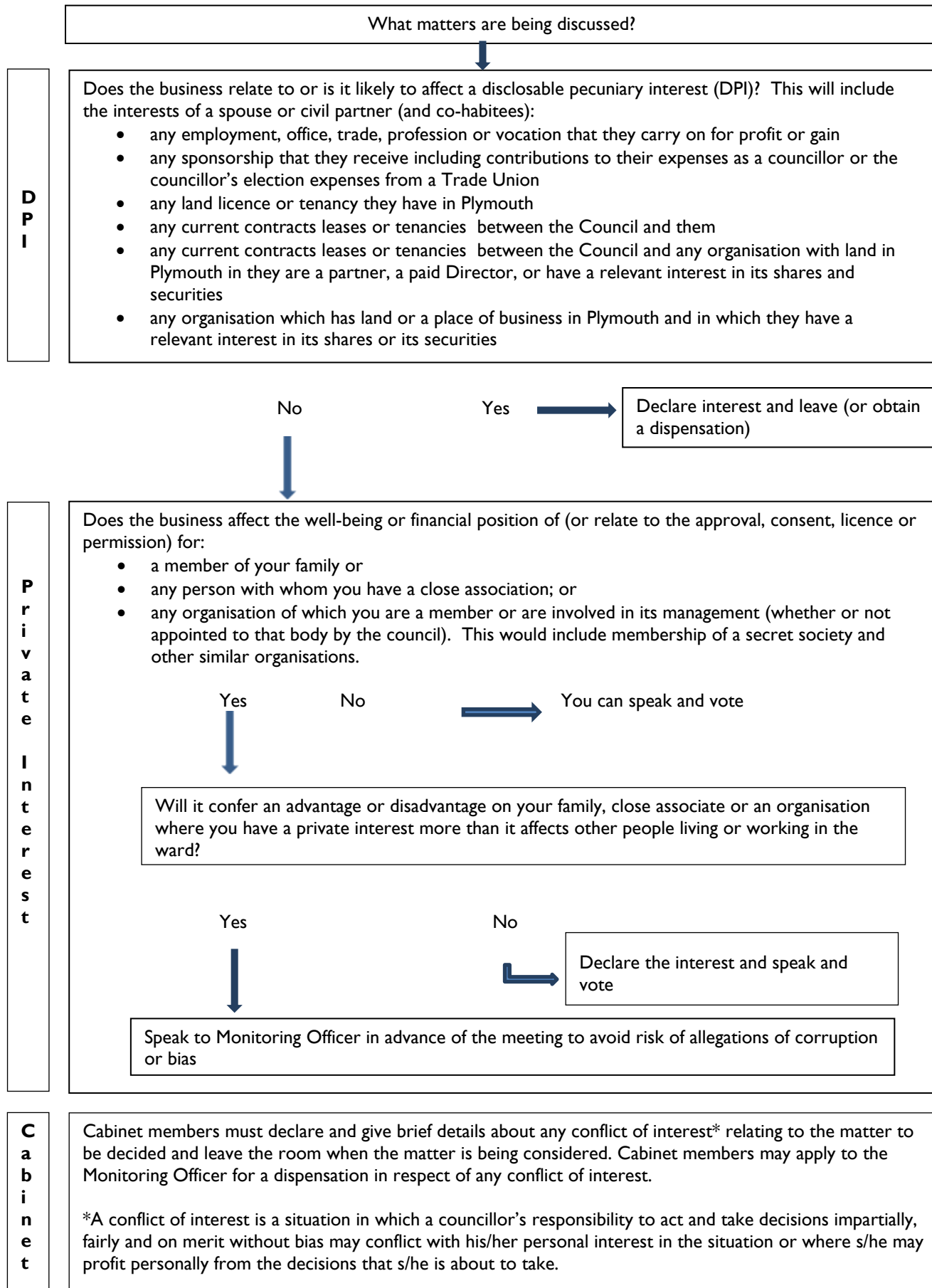
50. **Questions by Councillors**

	From	To	Subject
1	Councillor Parker-Delaz-Ajete	Councillor Downie and Councillor Riley	<p>United Secretary General called for 16 days of activism against gender based violence against women from 25 November to 10 December. The Home Office on the 8 March committed £80m in funding to protect females from violence for 4 years. Has the Council applied for funding?</p> <p>What were PCC doing to mark these 16 days?</p> <p>What policies and procedures do the Council have in place to support staff members in respect of domestic violence respective of gender? (Written response to be provided).</p>
2	Councillor Tuohy	Councillor Michael Leaves	<p>Further to question raised at last council meeting regarding the state of the roads in Ham Ward and was told this would be cleaned within 6 to 8 weeks. Read in the Herald last week, in Weston Mill the drains were blocked and leaves everywhere and also have rats.</p> <p>Teams were going around clearing the leaves and Councillor Michael Leaves would check when this was taking place in Ham Ward. With regard to rats this would need to be reported. (Written response to be provided).</p>
3	Councillor Kelly	Councillor Darcy	Budget consultation.
4	Councillor Kelly	Councillor Darcy	Budget engagement with the business sector.
5	Councillor McDonald	Councillor Mrs Beer	<p>Impact of cuts from central government on education in Plymouth and by 2020, £6,852,941 would be lost across schools in Plymouth. How are you going to meet this challenge and what contingencies making now in already pressured budget to mitigate the effects of these appalling cuts? (Written response to be provided).</p>
6	Councillor Ball	Councillor Ricketts	Recently installed cycle path between North Road Station and Central Park Avenue. How many people use this now, has there been an increase? (Written response to be provided).
7	Councillor Smith	Councillor Ricketts	Winter Road Maintenance.
8	Councillor Evans	Councillor Riley	Sprinkler Systems in Schools.
9	Councillor Fletcher	Councillor Darcy	Alternate weekly collections.

	From	To	Subject
10	Councillor Rennie	Councillor Michael Leaves	Flyposting in the city.
11	Councillor Mrs Pengelly	Councillor Mrs Beer	School Transport.
12	Councillor McDonald	Councillor Mrs Beer	Incident at the Plymouth Studio School.
13	Councillor Ball	Councillor Darcy	Medium Term Financial Strategy and value for money.
14	Councillor Mrs Aspinall	Councillor Mrs Bowyer	The closure of Patricia Venton Centre.
15	Councillor Rennie	Councillor Ricketts	New traffic calming on Hoe Approach and Vauxhall Street consultation with members of the public.
16	Councillor Jon Taylor	Councillor Darcy	Money realised from the changes to the bin collections to be ring-fenced to Children's Social Care.
17	Councillor Coker	Councillor Ricketts	Living Streets Budget.
18	Councillor P Davey	Councillor Mrs Beer	Free School and Education Act 2002.
19	Councillor Dann	Councillor Mrs Beer	Safeguarding of children.
20	Councillor Morris	Councillor Mrs Beer	Benefit Cap and effect on children in the city.

Please note that questions, answers, supplementary questions and supplementary answers have been summarised.

DECLARING INTERESTS – QUESTIONS TO ASK YOURSELF



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COUNCIL TAX BASE

City Council: 31 January 2017



CABINET MINUTE 51 (17 January 2017)

Councillor Darcy introduced the Council Tax Base report and it was agreed that Cabinet recommend to Council the approval of the Council Tax Base for 2017/18 as set out in the report.

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PLYMOUTH CITY COUNCIL

Subject: Council Tax Base Setting 2017/18

Committee: Cabinet

Date: 17 January 2017

Cabinet Member: Cllr Darcy

CMT Member: Lesa Annear

Author: Paul Cook (Head of Financial Planning & Reporting)

Contact: paul.cook@plymouth.gov.uk
01752 398633

Ref:

Key Decision: **No**

Part: **I**

Purpose of the report:

To recommend the 2017/18 Council Tax base to Council in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

The Corporate Plan 2016/19:

The 2017/18 Draft Budget sets out the resources available to deliver the Corporate Plan priorities.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

A collection rate of 98.5% has been used in calculating the Council Tax Base. Appendix A details the Tax Base calculations. The tax base is 70,778 band D equivalent properties.

**Other Implications: e.g. Child Poverty, Community Safety, Health and
Safety and Risk Management:**

None

Equality and Diversity:

None

Recommendations and Reasons for recommended action:

- I. That Cabinet recommend to Council the approval of the Council Tax Base for 2017/18 as set out in the report

It is a statutory requirement for Council to approve the Council Tax Base for the forthcoming financial year.

Alternative options considered and rejected:

Not applicable

Published work / information:

None

Background papers:

None

Sign off:

Fin	Pc1617 .49	Leg	27132/ DVS	Mon Off	27132/ DVS	HR		Assets		IT		Strat Proc	
Originating SMT Member: Lesa Annear													
Has the Cabinet Member(s) agreed the content of the report? Yes													

I INTRODUCTION

- 1.1 The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 make arrangements for the setting of the Council Tax. The arrangements include the determination of the Council Tax Base. A Council resolution is necessary. The decision must be notified to the major precepting authorities.
- 1.2 For the year commencing 1 April 2017 the major precepting authorities will be Devon and Cornwall Police and Crime Commissioner and Devon and Somerset Fire and Rescue Authority.
- 1.3 The Council must determine its Council Tax Base for 2017/18 during the period 1 December 2016 to 31 January 2017. The Council Tax Base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate. The level of Council Tax subsequently set must be determined using the Council Tax Base figure. The Council Tax Base calculation is attached in Appendix A.
- 1.4 The calculation of the Council Tax Base allows for discounts under the Council Tax Support Scheme.

2 PURPOSE OF THE REPORT

- 2.1 The purpose of this report is to inform Cabinet of the Council Tax Base of 70,775. The Council Tax Base for 2016/17 was 69,846.

3 TAX BASE CALCULATIONS

- 3.1 Council Tax base figures are calculated by the billing authority as the aggregate of the "relevant amounts" calculated for each property valuation band multiplied by the estimated "collection rate" for the year.
- 3.2 Relevant amounts are:
 - (a) The number of chargeable dwellings in that band shown in the valuation list as it stands on 30 November 2016.
 - (b) The number of discounts, disabled reductions and exemptions which apply to those dwellings;
 - (c) Estimated changes in the number of chargeable properties between 30 November 2016 and 31 March 2018
 - (d) Impact of the Council Tax Support scheme;

(e) The number of Band D equivalents within each different band.

3.3 The collection rate is the billing authority's estimate of the total amounts of 2017/18 Council Tax which will ultimately be paid or transferred into the Collection Fund.

3.4 This report assumes a collection rate for Council Tax of 98.5%. This rate reflects recent arrears collection performance and the pattern of write offs. It is the same level used in setting the 2016/17 Council Tax Base. Analysis of collection rates across the age profile of debts suggests that an eventual collection rate of 98.5% remains realistic and prudent in the current economic climate.

3.5 Appendix B shows the tax base used for the previous three years for comparison.

Council Tax Base Calculation 2017/18

Appendix A

	BAND A <small>with disabled relief</small>	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	Total
Number of dwellings in valuation list as at 30th November 2016	-	47,103	32,153	22,488	9,539	4,854	1,722	600	60	118,519
Number of exempt dwellings (including demolished)	-	2,843	1,722	1,071	680	216	40	41	20	6,633
Reductions to lower band due to disabled relief	-	125	144	127	95	65	28	33	12	629
Additions to band due to disabled relief	125	144	127	95	65	28	33	12	-	629
CHARGEABLE DWELLINGS FOR BAND	125	44,279	30,414	21,385	8,829	4,601	1,687	538	28	111,886
Total discounts at 25%	50	22,793	10,472	5,673	2,102	878	274	73	2	42,317
Total discounts at 50%	2	236	128	77	46	24	36	27	16	592
Total discounts at 100% one month only	-	732	322	181	95	35	18	10	-	1,393
TOTAL DISCOUNTS	14	5,877	2,709	1,472	556	234	88	33	9	10,991
Long Term Empty Premium at 50%	-	108	31	13	7	2	5	5	1	172
LONG TERM EMPTY PREMIUM	-	54	16	7	4	1	3	3	1	86
Estimated number of dwellings not listed but which will be listed in the band for the whole or any part of the financial year	-	55	63	65	56	21	9	2	0	272
Estimated number of reductions to lower band due to successful appeals	-	-	9	2	1	4	3	1	-	20
Estimated number of additions to lower band due to successful appeals	-	9	2	1	4	3	1	-	-	20
TOTAL ADJUSTMENTS	-	46	70	66	53	22	11	3	0	272
LOCAL COUNCIL TAX SUPPORT SCHEME REDUCTIONS	39	10,409	3,458	1,123	263	61	18	3	-	15,375
Family annexes discount at 50%	-	15	9	16	14	6	9	2	-	71
FAMILY ANNEXES	-	8	5	8	7	3	5	1	-	35
TOTAL DWELLINGS	73	28,085	24,328	18,855	8,059	4,326	1,590	507	20	85,842
RATIO TO BAND D	5	6	7	8	9	11	13	15	18	
	9	9	9	9	9	9	9	9	9	
RELEVANT AMOUNTS FOR 2017/18	40	18,723	18,922	16,760	8,059	5,287	2,297	845	41	70,974
COLLECTION RATE	98.5%									
ADJUSTED RELEVANT AMOUNT	40	18,442	18,638	16,508	7,938	5,208	2,262	833	40	69,909
MOD CONTRIBUTION	866									
TAX BASE	70,775									

Council Tax Base - Previous Years

Appendix B

	2014/15			2015/16			2016/17		
Band	Number of propertie	Estimated Collection Rate	Adjusted Band D Equivalent	Number of propertie	Estimated Collection Rate	Adjusted Band D Equivale	Number of propertie	Estimated Collection Rate	Adjusted Band D Equivale
A	46,657	97.5%	17,428	46,694	98.5%	17,904	46,908	98.5%	18,260
B	31,379	97.5%	17,501	31,618	98.5%	17,942	31,876	98.5%	18,452
C	21,986	97.5%	15,771	22,046	98.5%	16,067	22,217	98.5%	16,287
D	9,123	97.5%	7,570	9,194	98.5%	7,671	9,316	98.5%	7,816
E	4,679	97.5%	5,001	4,711	98.5%	5,035	4,770	98.5%	5,147
F	1,657	97.5%	2,131	1,648	98.5%	2,146	1,686	98.5%	2,183
G	578	97.5%	780	578	98.5%	799	591	98.5%	826
H	60	97.5%	39	60	98.5%	41	59	98.5%	34
Total	116,119		66,221	116,549		67,605	117,423		69,004
MOD			845			856			842
Tax Base			67,066			68,460			69,846

COUNCIL TAX SUPPORT SCHEME

City Council: 31 January 2017

**CABINET MINUTE 52 (17 January 2017)**

Councillor Downie introduced the Council Tax Support Scheme which includes the findings of the council tax support scheme consultation that informs the development of the revised scheme for 2017/18. Councillor Downie highlighted a number of changes to the recommendations.

Agreed that Cabinet recommend to City Council -

1. That the council tax support scheme is revised to -
 - a. Reduce the period a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks.
 - b. Remove entitlement to the Severe Disability Premium where someone with a disability is cared for by another person who receives Universal Credit with a Carer's Element.
 - c. Remove the additional earnings disregard and apply the standard earnings disregards regardless of hours worked to those claimants who receive Universal Credit.
 - d. Assume a set minimum income within the calculation of Council Tax Support for self-employed earners after a 1 year's self-employment (implementation delayed until 2018/19 financial year).
 - e. Remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants (implementation delayed until 2018/19 financial year).
2. To approve the revised exceptional hardship policy.

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PLYMOUTH CITY COUNCIL

Subject: Council Tax Support Scheme
Committee: Cabinet
Date: 17 January 2017
Cabinet Member: Councillor Downie
CMT Member: Giles Perritt (Assistant Chief Executive)
Author: Emma Rose (Strategic Development Manager)
Contact details Tel: 01752 312571
emma.rose@plymouth.gov.uk
Ref:
Key Decision: No
Part: I

Purpose of the report:

To consider the findings of the council tax support scheme consultation to inform the development of the revised scheme for 2017/18. To consider the associated revised exceptional hardship policy.

The Corporate Plan 2016 - 19:

The income generated from council tax contributes to the delivery of council, police and fire services. As such, it is an integral part of supporting the delivery of the Corporate Plan. Providing a council tax support scheme and associated exceptional hardship policy that supports our most financially vulnerable residents, contributes to our values of fairness and vision of being a caring organisation.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

The council tax support scheme changes the amount of revenue that Plymouth City Council can collect, by reducing the liability for those eligible for support. If the recommendation is approved, fewer new applicants would be eligible for maximum support and this will increase the amount of council tax income. Income estimate assume that all extra council tax charged is collected. Applications under the exceptional hardship policy may increase if customers struggle to meet the additional liability. Given the level of new claimants, for 2017/18 the potential additional income is estimated at circa £50k.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

Changes to the scheme may change the level of financial support to families with children and impact on child poverty. This should be considered against a background of wider welfare reforms and also against the Plymouth child poverty action plan

Paragraph 5 of Schedule 1B to the Local Government Finance Act 1992 requires billing authorities to adopt a council tax support scheme each year, no later than 31 January.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

That Cabinet recommend to City Council -

- I. That the council tax support scheme is revised to -
 - a. Reduce the period a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks
 - b. Remove entitlement to the Severe Disability Premium where someone with a disability is cared for by another person who receives Universal Credit with a Carer's Element
 - c. Remove the additional earnings disregard and apply the standard earnings disregards regardless of hours worked to those claimants who receive Universal Credit
 - d. Assume a set minimum income within the calculation of Council Tax Support for self-employed earners after a 1 year's self-employment (implementation delayed until 2018/19 financial year)
 - e. Remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants (implementation delayed until 2018/19 financial year)
 2. to approve the revised exceptional hardship policy.
-

Alternative options considered and rejected:

Option 2 – No change from current scheme

Option 3 - Implement all eight changes under consultation

Published work / information:

I.1 Plymouth Council Tax Support scheme

<http://www.plymouth.gov.uk/sites/default/files/CouncilTaxSupportScheme20162017.pdf> .

Background papers:

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

Sign off:

Fin	djn1617 .51	Leg	DVS27 185	Mon Off	DVS27 185	H R	Assets		IT		Strat Proc	
Originating SMT Member Giles Perritt												

Has the Cabinet Member(s) agreed the contents of the report? Yes
--

I. BACKGROUND

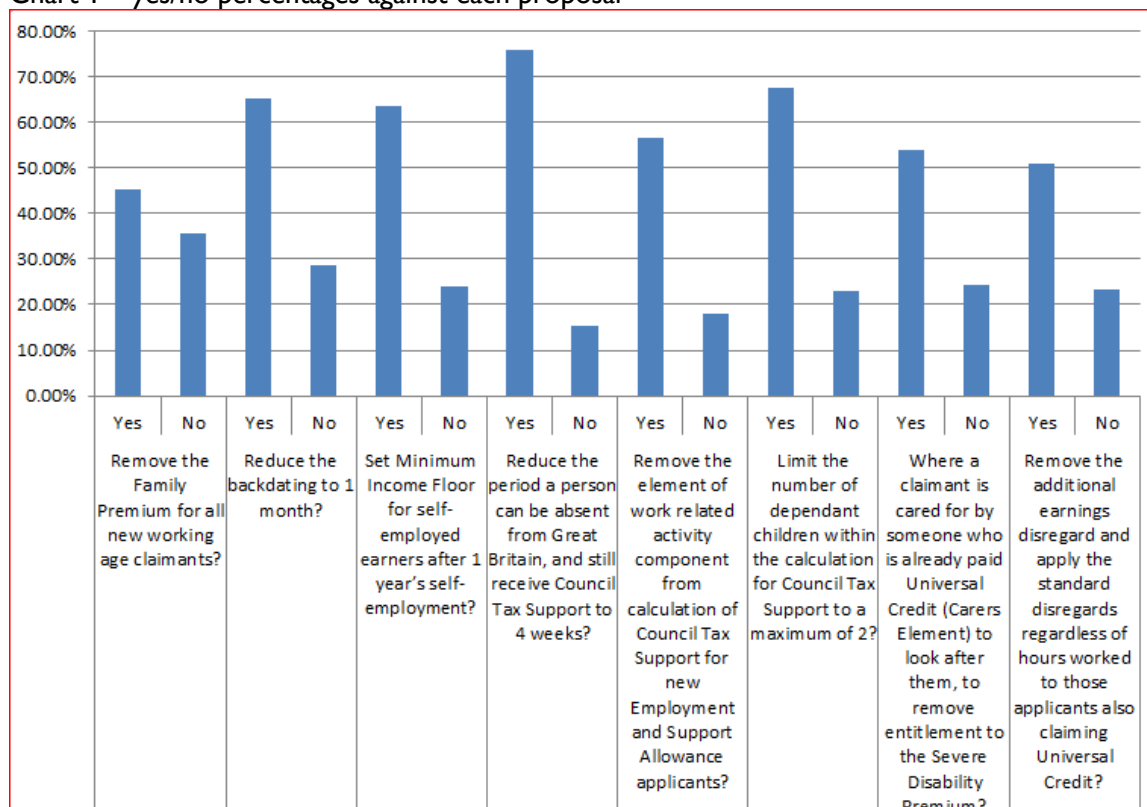
- I.1 Each year local authorities must review how much reduction in Council Tax is given to people of working age on a low income. This is published as a council tax reduction scheme, also known as the council tax support (CTS) scheme. Plymouth City Council's current scheme is available on our website:
<http://www.plymouth.gov.uk/sites/default/files/CouncilTaxSupportScheme20162017.pdf> .
- I.2 The Devon Local Government Steering Group and Benefits Officers Groups worked together on proposals for CTS Schemes across the county. In April 2016 it was agreed that consultation would cover eight changes, effective from 1 April 2017, to bring the CTS schemes in line with the changes being made by central Government in Housing Benefit and Universal Credit. These changes are intended to encourage people into work and reduce the level of welfare benefits available to some. The 8 proposed changes are as follows (for additional information, please see Appendix A):
1. Removing the Family Premium for all new working age claimants
 2. Reducing backdating for new claims to one month
 3. To assume a set minimum income within the calculation of CTS for self-employed earners after a one year's self-employment
 4. Reducing the period a person can be absent from Great Britain and still receive CTS to four weeks
 5. To remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants
 6. To limit the number of dependent children within the calculation for CTS to a maximum of two
 7. To remove entitlement to the Severe Disability Premium where someone with a disability is cared for by another person who receives Universal Credit with a Carer's Element
 8. To remove the additional earnings disregard and apply the standard earnings disregards regardless of hours worked to those claimants who receive Universal Credit
- I.3 The proposed changes would be implemented for new claimants only. All existing customers would continue to receive the same level of support that they do under the 2016/17 scheme, unless their circumstances change.
- I.4 The proposed changes should make it easier for customers to understand the scheme, as there will be similar criteria in Housing Benefit and Universal Credit. Additionally, using the same criteria in the CTS scheme should make it simpler, more efficient and less costly to run.
- I.5 The changes will affect working age households in Plymouth who receive or who apply for CTS on or after 1 April 2017. Each of the proposed changes may affect working age households claiming under the scheme in different ways. Households of state pension credit age have their scheme set by central Government so are not directly affected by the proposals.
- I.6 An alternative option is to continue with the current scheme, however if the scheme is not aligned with Housing Benefit and Universal Credit then this could result in higher costs. This could mean less money available to deliver other vital council services.
- I.7 No changes were consulted on to the maximum level of support that the scheme provides to working age claimants. This is currently set at a reduction of 80% of council tax liability, which is the same level as the majority of Devon local authorities.

2.0 Consultation Findings

2.1 The eight proposals were consulted on for 12 weeks between 7 July 2016 and 29 September 2016. There were a total of 273 responses to the online questionnaire which was available on Plymouth City Council's consultation portal. 200 of these were from current CTS customers.

The majority of respondents agree with all of the proposals, with seven of the eight proposals scoring higher than a 50% 'yes' rating.

Chart 1 – yes/no percentages against each proposal



2.2 Four of the proposals each received more than a 60% agreed rating, as well as being the proposals attracting the highest response rate:

- Proposal 2 to reduce backdating to 1 month (178 responses, **66% agreement**)
- Proposal 3 to set Minimum Income Floor for self-employed earners after 1 years self-employment (170 responses, **63% agreement**)
32% of self-employed respondents agreed with Minimum Income Floor
- Proposal 4 to reduce the period a person can be absent from Great Britain, and still receive Council Tax Support to 4 weeks (204 responses, **76% agreement**)
- Proposal 6 to limit the number of dependent children to minimum of 2 within the Council Tax Support calculation (183 responses, **68% agreement**)
67% of respondents stated there are no children in their household
26% of those with children agreed with limiting the number of dependent children

- 2.3 Although the majority of respondents supported the introduction of all eight proposals, concerns were raised during consultation about the potential impact of two of the proposals on families with children.
1. Removing the Family Premium for all new working age claimants, and
 6. To limit the number of dependent children within the calculation for CTS to a maximum of two

It is recommended that these two proposals are not implemented, in order to support families in Plymouth on low incomes.

- 2.4 The implementation of proposal 2 to reducing backdating for new claims to one month attracted some concern as it removes the discretion to consider individual circumstances and backdate for longer if there is reasonable cause to. In order to support customers who may be adversely affected by the implementation of this proposal, it is recommended that they are supported through the application of the exceptional hardship policy after considering individual circumstances.
- 2.5 The implementation of proposal 3 relating to the minimum income floor for self-employed customers raised concerns during scrutiny. The main reason being the potential for more sick and/or disabled people losing national benefit entitlement, being unable to gain employment and moving into self-employment in order to support themselves and their families. Rather than make assumptions about when the minimum income floor should not apply, we intend to support those customers who may be adversely affected by the change through the application of the exceptional hardship policy after considering individual circumstances.
- 2.6 Regulations have not yet been laid that would remove the work related activity component in the calculation Housing Benefit. Therefore it is recommended that we delay the implementation of proposal 5 (removing the work related activity component in the calculation of entitlement for new applicants) to 1 April 2018, if the policy is introduced nationally into Housing Benefit after 1 April 2017. At the time of writing the regulations introducing this change into housing benefit have not been released. This maintains the alignment with national policy until such time as those changes take effect.
- 2.7 Introducing complex exemptions to any of the other proposals would offset much of the advantage of making changes to the scheme by increasing the administrative complexity. It will also be difficult to ensure that all the vulnerable individuals we would wish to protect from the changes are covered. It is therefore better to use the Exceptional Hardship scheme to support customers who may be detrimentally affected. The Exceptional Hardship policy, attached at appendix b, has been revised to ensure that it is available to anybody who loses their entitlement to CTS as a result of these changes.
- 2.8 The Local Government Finance Act 1992 requires the Council to consider transitional protection for any changes that will reduce a person's entitlement. Besides change 3, all changes will only affect new claims to CTS or existing claims when their household circumstances change. It is not therefore necessary to apply any transitional protection. Any cases of hardship, including in the short term, will be managed through the Exceptional Hardship scheme. Change 3 allows a period of 12 months at the commencement of a self-employed activity before the minimum income would be applied. For existing claims where the policy will reduce entitlement from April 2017 Exceptional Hardship will be offered for any cases that need help to manage the transition.

3.0 Profile

3.1 We currently support 23,706 CTS claimants. Of that figure:

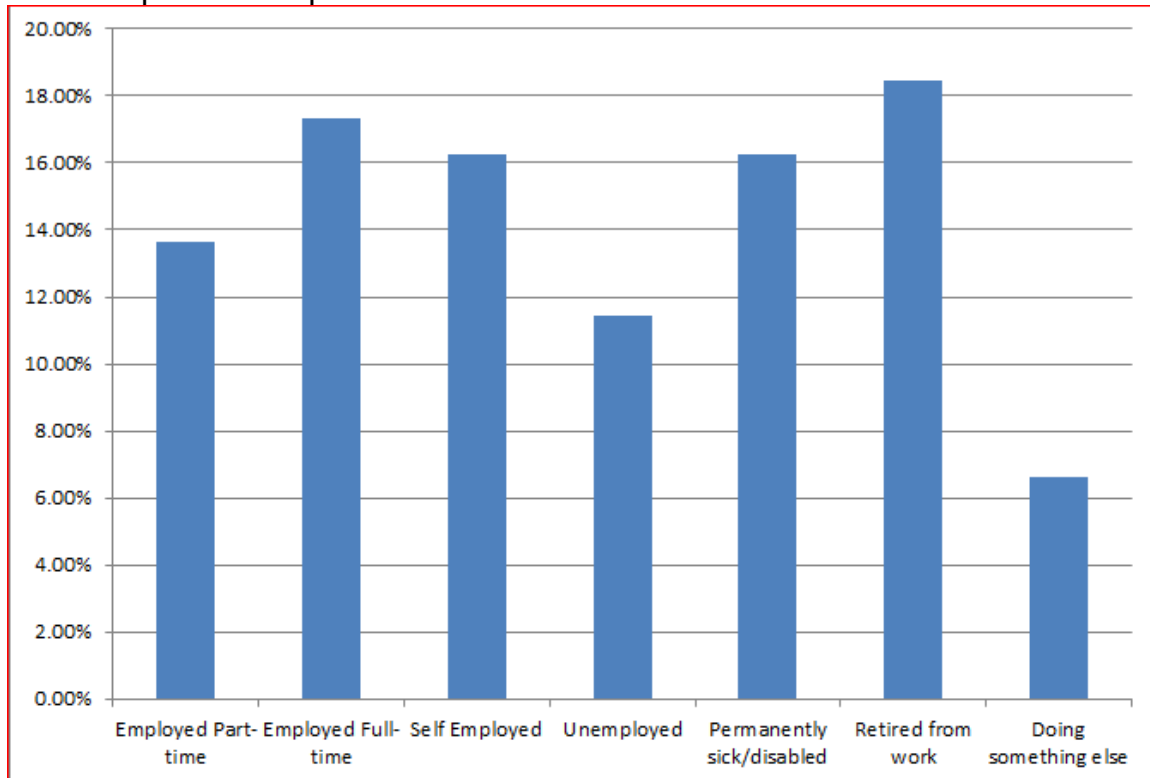
- 9,343 are pensioners
- 14,363 are of working age
- 5,621 households include one or more children
- 1,382 households include three or more children

3.2 The majority (78%) of all households with children are receiving 75 – 80% relief regardless of the number of children in the household.

3.3 Of those responding to the consultation:

- 26% of those with children agreed with limiting the number of dependent children
- 42% of have children in the household
- 32% of self-employed respondents agreed with Minimum Income Floor
- 22% of CTS recipients agreed with introducing all of the proposals
- 42% of employed respondents are in receipt of CTS
- 84% of permanently sick/disabled respondents are in receipt of CTS (all of the permanently sick/disabled respondents fall in the working age bracket)

3.4 Chart 3 – profile of respondents



4.0 OPTIONS

The following options are available for the 2017/18 scheme. Options not already consulted on cannot be considered for next year's scheme, but could be further investigated and consulted on for future years.

Option 1 (recommended option) – Remove the proposals relating to families with children (removal of the family premium and limit on number of dependent children taken into account) and implement the remaining six.

- a. Benefits – supports children in line with child poverty action plan and would allow flexibility to mitigate any differential impact identified by an EIA.
- b. Disadvantages – departs from assessment processes for other benefits, so would change the CTS assessment process making it less efficient and requiring more resources to administer. This would increase costs for the council at the point of CTS assessment. Although difficult to model, if every other aspect of entitlement is the same, additional children make little difference to the level of CTS awarded and the majority of all families with children current receive 75 – 80% relief. Non-collection rate may rise.

Option 2 – No change from current scheme

- a. Benefits – protects most vulnerable from further cuts, no compromise with child poverty action plan and potential Equality Act related impacts
- b. Inconsistent with the Devon Chief Finance Officers recommendations and with the majority of Devon authorities. Generates no savings and will become more costly over time as the assessment frameworks become more different. Would not align with new benefits schemes

Option 3 - Implement the 8 changes consulted on

- c. Benefits – consistent with the Devon Chief Finance Officers recommendations and with the majority of Devon authorities. Aligns the assessment of CTS with the new benefits schemes (housing benefit and universal credit in particular).
- d. Disadvantages – has minimal financial impact and many of the options are extremely difficult to model. May compromise the child poverty action plan and potential Equality Act related impacts, although the changes under consultation mirror national changes that have already been assessed and agreed.

Appendix A- Proposals and effects

Proposal 1 – Removing the Family Premium for all new working age claimants

The removal of Family Premium from 1st April 2017 for **new** claims will bring the Council Tax Support scheme in line with Housing Benefit.

The Family Premium is part of how we assess the 'needs' (Applicable Amounts) of any claimant compared with their income. Family Premium is normally given when a claimant has at least one dependant child living with them. Removing the Family Premium will mean that when we assess a claimant's needs it would not include the Family Premium (currently £17.45 per week).

This change would not affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

What does this change mean?

It brings the working age Council Tax Support scheme in line with Housing Benefit and the Pension Age Council Tax Support scheme as these changes have already been made by central Government;

New claims from working age claimants with dependent children may receive less help through the Council Tax Support scheme.

Proposal 2 – Reducing backdating for new claims to 1 month

Currently claims for Council Tax Support from working age claimants can be backdated for up to 6 months where an applicant shows they could not have made a claim earlier. Central Government has reduced the period for Housing Benefit claims to 1 month. It is proposed that Plymouth's Council Tax Support scheme be aligned with the changes for Housing Benefit.

What does this change mean?

It is a simple alteration to the scheme which should make it easier to understand when claiming Housing Benefit and Council Tax Support, as the rules will be the same.

New working age claimants may see a reduction in the amount of support they received if they delay in making a claim.

Proposal 3 – To assume a set minimum income within the calculation of Council Tax Support for self-employed earners after a 1 year's self-employment

In order to align Council Tax Support with Universal Credit, the council proposes to assume a minimum level of income for those who are self-employed – this is known as the Minimum Income Floor. The amount would be in line with the National Living Wage or the National Minimum wage (for under 25's) for 35 hours worked per week. If someone who is self-employed earns less than this amount, we will take the Minimum Income Floor as an assumed level of income. Any income above the assumed Minimum Income Floor would be taken into account based on the actual amount earned.

The income would not apply for a designated start-up period of one year from the start of the business. Variations would apply to any person who is both employed and self-employed.

What does this change mean?

The treatment of income for self-employed claimants for Council Tax Support will be brought broadly into line with Universal Credit.

It should encourage self-employed working age applicants to expand and develop their business.

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

Within the current scheme claimants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting the level of Council Tax Support. We propose reducing this to 4 weeks for absences outside Great Britain. This is in line with changes the Government plan to make to Housing Benefit and the Pension Age Council Tax Support schemes.

There will be exceptions for certain occupations such as mariners and the armed forces. There is also provision for this to be extended to 8 weeks in specific circumstances such as the death of a close relative.

What does this change mean?

- The treatment of temporary absence will be brought into line with Housing Benefit and the Pension Age Council Tax Support scheme to make it easier to understand for applicants, and improve efficiency in running the scheme.
- It is seen as fairer.
- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Support will end from when they leave the country. They will need to make a new claim on their return.

Proposal 5 – To remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants

From April 2017, all new claimants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in either their ESA or within the calculation of Housing Benefit.

A person who falls within the Work Related Activity Group, and currently receives this component, is someone who has limited capability to work due to limited physical and/or mental conditions, and that limitation is not reasonable to require them to undertake work. It is proposed that the Council Tax Support scheme is amended to reflect the changes in ESA and Housing Benefit.

What does this change mean?

- The treatment of ESA will be brought into line with Housing Benefit which avoids additional costs to the Council Tax Support scheme.
- Persons currently receiving ESA with the work related activity component will not receive less Council Tax Support.

Proposal 6 – To limit the number of dependant children within the calculation for Council Tax Support to a maximum of 2

Within the current scheme, claimants who have children are normally awarded a dependant addition of £66.90 per child within the calculation of their needs (Applicable Amounts). There is currently no limit to the number of dependent children included in the calculation.

It is proposed that the Council Tax Support scheme is amended to reflect the changes in Housing Benefit and other welfare benefits. From April 2017 the Government will be limiting dependant additions in Universal Credit, Housing Benefit, and Tax Credits to a maximum of two children. This will only affect households who have a third or subsequent child born on or after 1st April 2017.

There will be exceptions; for example where there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children, or where households merge, etc.

What does this change mean?

- Council Tax Support will be brought into line with Housing Benefit, Universal Credit, and Tax Credits to make the scheme easier to understand using the same rules as other welfare benefits, and reduce costs by improving efficiency.
- Claimants who have a third or subsequent child after 1st April 2017 (and are not exempt from the rules) may receive less Council Tax Support than claimants who have more than two

Proposal 7 – To remove entitlement to the Severe Disability Premium where someone with a disability is cared for by another person who receives Universal Credit with a Carer's Element

children born before 1st April 2017.

Currently the Severe Disability Premium is not included when working out the needs (Applicable Amount) of a claimant who is cared for by a person who is paid Carers Allowance. The reason for this is that it avoids paying for the same care twice. This proposed change will align the scheme with Housing Benefit by treating persons who receive the Universal Credit Carers Element in the same way as someone receiving Carers Allowance.

What does this change mean?

- Council Tax Support will be brought into line with Housing Benefit to make the scheme easier to understand using the same rules as other benefits, and reduce costs by improving efficiency.
- Persons cared for by somebody who receives the Universal Credit Carers Element will no longer receive the Severe Disability Premium when working out their needs.
- It will be fairer as we will be treating those receiving Universal Credit Carers Element in the same way as those receiving Carers Allowance.

Proposal 8 – To remove the additional earnings disregard and apply the standard earnings disregards regardless of hours worked to those claimants who receive Universal Credit

A standard disregard is applied if you have earnings. Currently there is an additional earnings disregard of £17.10 per week that can be applied if you work sufficient hours. This proposal will remove the additional earnings disregard regardless of hours worked to those claimants on Universal Credit.

What does this change mean?

- Removing the additional earnings disregard from the Council Tax Support calculation will simplify the administration of claims for those in receipt of Universal Credit;

It will make the scheme easier to understand and reduce costs by improving efficiency.

CUSTOMER SERVICES

Council Tax Support Scheme
Exceptional Hardship Fund Policy



Contents

1. Background
2. Exceptional Hardship Fund and Equalities
3. Purpose of this policy
4. Statement of objectives
5. Awarding an Exceptional Hardship Fund Payment
6. Publicity
7. Making a claim
8. Change of circumstances
9. Duties of customer
10. Amount and duration of award
11. Payment of award
12. Overpayments
13. Notification of an award
14. The right to seek a review
15. Fraud
16. Legislation
17. Complaints
18. Policy review

I. BACKGROUND

The Exceptional Hardship Fund (EHF) has been set up by Plymouth Council to cover the shortfall between Council Tax liability and payments of Council Tax Support.

Every customer who is entitled to Council Tax Support and who has a shortfall is entitled to make a claim for help from the Fund.

The main features of the Fund are that:

- Exceptional Hardship Fund awards are discretionary.
- Customers do not have a statutory right to an award.
- The Exceptional Hardship Fund Policy is held within the main Council Tax Support scheme.
- Exceptional Hardship Fund awards are not a payment of the main Council Tax Support scheme.
- It is a cash limited fund.
- The Customer Services Department decides how the Fund is administered.
- Council Tax Support must be in payment in the week in which an Exceptional Hardship Fund award is made.
- Plymouth City Council may decide that a backdated Exceptional Hardship award is appropriate; which could then settle council tax arrears. This would be the only circumstance where the Exceptional Hardship Fund could be used to facilitate payment of Council Tax arrears.

In addition to this fund there is a Discretionary Housing Payments scheme which covers the shortfall between rent and Housing Benefit.

2. EXCEPTIONAL HARDSHIP FUND AND EQUALITIES

The creation of an Exceptional Hardship Fund facility meets Plymouth City Council's obligations under the Equalities Act.

The Government has been clear that, in developing a local Council Tax Support scheme, vulnerable groups should be protected. Other than statutory protection for low income pensioners, the Government has not prescribed the other groups that local Councils should support. Plymouth City Council has designed their Council Tax Support scheme to take account of the various statutes that currently protect vulnerable people.

We recognise the importance of protecting our most vulnerable customers and also the impact these changes have. We have created an Exceptional Hardship Fund to ensure that we protect and support those most in need. The Exceptional Hardship Fund is intended to help in cases of extreme financial hardship and not support a lifestyle.

3. PURPOSE OF THIS POLICY

The purpose of this policy is to specify how Plymouth City Council's Customer Service Department will operate the scheme, and to indicate some of the factors which will be considered when deciding if an Exceptional Hardship Fund payment can be made.

Each case will be treated on its own merits and all customers will be treated fairly and equally in the accessibility to the Fund and also the decisions made with applications.

Where a customer is not claiming a Council Tax discount or exemption to which they may be entitled or a welfare benefit or additional financial assistance, they will be advised, and where necessary assisted, in making a claim to maximise their income, before their claim for Exceptional Hardship Funds will be decided.

4. STATEMENT OF OBJECTIVES

The Customer Service Department will seek through the operation of this policy to:

- Allow a short period of time for someone to adjust to unforeseen short-term circumstances and to enable them to "bridge the gap" during this time.
- Support people in managing their finances.
- Help customers through personal crises and difficult events that affect their finances.
- Aim to help prevent exceptional hardship.
- Support vulnerable young people in the transition to adult life.
- Helping those who are trying to help themselves financially.
- Alleviate poverty.
- Sustain tenancies and prevention of homelessness.
- Keep families together.
- Encourage and support people to obtain and sustain employment.
- Give support to those who are financially vulnerable.

The Exceptional Hardship Fund is a short-term emergency fund, awarded whilst the customer seeks alternative solutions.

It cannot be awarded for the following circumstances:

- Where full Council Tax liability is being met by Council Tax Support.
- For any other reason, other than to reduce Council Tax liability.
- Where the Council considers that there are unnecessary expenses or/debts which the customer has not taken reasonable steps to reduce.

- To reduce any Council Tax Support recoverable overpayment.
- To cover previous years Council Tax arrears.
- Where there is a shortfall caused by a Department for Work and Pensions sanction or suspension being applied because the customer has turned down work/interview/training opportunities.
- When Council Tax Support is suspended.

5. AWARDING AN EXCEPTIONAL HARDSHIP FUND PAYMENT

The Customer Service Department will decide whether or not to make an Exceptional Hardship Fund award, and how much any award might be.

When making this decision the Customer Service Department will consider:

- The shortfall between Council Tax Support and Council Tax liability.
- The steps taken by the customer to reduce their Council Tax liability.
- Changing payment methods, re-profiling Council Tax instalments or setting alternative payment arrangements in order to make them affordable.
- To ensure that all discounts, exemptions and reductions are granted.
- Steps taken by the customer to establish whether they are entitled to other welfare benefits.
- Steps taken by the customer in considering and identifying where possible the most economical tariffs for supply of utilities.
- If a Discretionary Housing Payment has already been awarded to meet a shortfall in rent.
- The personal circumstances, age and medical circumstances (including ill health and disabilities) of the customer, their partner and any dependants and any other occupants of the customer's home.
- The difficulty experienced by the customer which prohibits them from being able to meet their Council Tax liability, and the length of time this difficulty will exist.
- Shortfalls due to non-dependant deductions.
- The income and expenditure of the customer, their partner and any dependants or other occupants of the customer's home.
- How deemed reasonable expenditure exceeds income.
- That all income may be taken into account, including those which are disregarded when awarding Council Tax Support.
- Any savings or capital that might be held by the customer or their partner.
- Other debts outstanding for the customer and their partner.

- Whether the customer has already accessed or is engaging for assistance with budgeting and financial/debt management advice. An Exceptional Hardship Fund award may not be made until the customer has accepted assistance either from the Council or third party, such as the Citizens Advice Bureau or similar organisations, to enable them to manage their finances more effectively, including the termination of non-essential expenditure.
- The exceptional nature of the customer and/or their family's circumstances that impact on finances.
- The length of time they have lived in the property.
- The amount available in the Exceptional Hardship Fund at the time of the application.

The list is not exhaustive and other relevant factors and special circumstances will be considered.

An award from the Exceptional Hardship Fund does not guarantee that a further award will be made at a later date, even if the customer's circumstances have not changed.

An Exceptional Hardship Fund award may be less than the difference between the Council Tax liability and the amount of Council Tax Support paid.

6. PUBLICITY

The Customer Service Department will publicise the Fund and will work with interested parties to achieve this. A copy of this policy will be made available for inspection and will be published on the Council's website.

7. MAKING A CLAIM

A customer must make a claim for an Exceptional Hardship Fund award by submitting an application to Plymouth City Council. The application can be obtained by downloading the form on the Council's website, or by requesting the form via the telephone or in person at the One Stop Shop. Customers can get assistance with the completion of the form from the Customer Service Department.

The application form must be fully completed and supporting information or evidence provided, as reasonably requested by the Council.

In most cases the person who claims the Exceptional Hardship Fund award will be the person entitled to Council Tax Support. However, a claim can be accepted from someone acting on another's behalf, such as an appointee, if it is considered reasonable.

8. CHANGE OF CIRCUMSTANCES

The Customer Service Department may revise an award from the Exceptional Hardship Fund where the customer's circumstances have changed which either increases or reduces their Council Tax support entitlement

9. DUTIES OF THE CUSTOMER

A person claiming an Exceptional Hardship Fund Payment is required to:

- Give the Council such information as it may require to make a decision.
- Tell the Council of any changes in circumstances that may be relevant to their on-going claim.
- Give the Council such other information as it may require in connection with their claim.

10. AMOUNT AND DURATION OF AWARD

Both the amount and the duration of the award are determined at the discretion of the Council, and will be done on the basis of the evidence supplied and the circumstances of the claim.

The start date will usually be the Monday after the written claim for an Exceptional Hardship Fund award is received by the Customer Service Department, although in some cases it may be possible to backdate this award, based upon individual circumstances of each case.

The Exceptional Hardship Fund will normally be awarded for a minimum of one week.

The maximum length of the award will not exceed the end of the financial year in which the award is given.

11. PAYMENT OF AWARD

Any Exceptional Hardship Fund award will be made directly into the customer's Council Tax account, thus reducing the amount of Council Tax payable.

12. OVERPAID EXCEPTIONAL HARDSHIP FUND PAYMENTS

Overpaid Exceptional Hardship Fund awards will generally be recovered directly from the customers council tax account, thus increasing the amount of Council Tax due and payable.

13. NOTIFICATION OF AN AWARD

The Council will notify the outcome of each application for Exceptional Hardship Fund awards in writing. The notification will include the reason for the decision and advise the customer of their appeal rights.

14. THE RIGHT TO APPEAL

If the customer is not satisfied with the decision in respect of an application for an Exceptional Hardship Fund award, a decision to reduce the amount of Exceptional Hardship Fund awarded, a decision not to backdate an Exceptional Hardship Fund award or a decision that there has been an overpayment of an Exceptional Hardship Fund award, they must make written representation to the Council setting out their grounds of appeal.

Plymouth City Council will consider the appeal and respond in writing, setting out the decision and associated reasons for the decision.

15. FRAUD

The Customer Service Department is committed to protect public funds and ensure funds are awarded to the people who are rightfully eligible to them.

A customer who tries to fraudulently claim an Exceptional Hardship Fund award by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

Where the Customer Service Department suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

16. LEGISLATION

The Local Government Finance Act 2012 amends Section 13A of the Local Government Finance Act 1992 and sets out the requirement for Councils to develop and adopt a localised Council Tax Support Scheme. This Exceptional Hardship Fund Policy forms part of this Scheme.

17. COMPLAINTS

Complaints can be made on the Council's website and the Council policy for complaints will be applied in the event of any complaint received about this policy.

18. POLICY REVIEW

This policy will be reviewed at least every 3 years and updated as appropriate to ensure it remains fit for purpose. However, the review may take place sooner should there be any significant changes in legislation.

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EQUALITY IMPACT ASSESSMENT

Customer Services



STAGE I: WHAT IS BEING ASSESSED AND BY WHOM?

What is being assessed - including a brief description of aims and objectives?

Each year we review how much reduction in Council Tax is given to people of working age on a low income and publish this in a Council Tax Reduction scheme also known as Council Tax Support (CTS).

- All Devon authorities have been working together on proposals for CTS Schemes across the county. In April 2016, it was agreed that we would consult on eight changes, effective from 1 April 2017.

The 8 proposed changes are as follows:

- Removing the Family Premium for all new working age claimants
- Reducing backdating for new claims to one month
- To assume a set minimum income within the calculation of CTS for self-employed earners after a one year's self-employment
- Reducing the period a person can be absent from Great Britain and still receive CTS to four weeks
- To remove the work related activity component in the calculation of the current scheme for new Employment and Support claimants
- To limit the number of dependent children within the calculation for CTS to a maximum of two
- To remove entitlement to the Severe Disability Premium where someone with a disability is cared for by another person who receives Universal Credit with a Carer's Element
- To remove the additional earnings disregard and apply the standard earnings disregard regardless of hours worked to those claimants who receive Universal Credit

The proposed changes should make it easier for customers to understand the scheme, as there will be similar criteria in Housing Benefit and Universal Credit. These changes aim to encourage work and reduce the level of welfare benefits available to some. Additionally, using the same criteria in the Council Tax Support scheme should make it simpler, more efficient and less costly to run the scheme.

Author

Emma Rose

Department and service

Customer Services

Date of assessment

28 November 2016

STAGE 2: EVIDENCE AND IMPACT

Protected characteristics (Equality Act)	Evidence and information (eg data and feedback)	Any adverse impact See guidance on how to make judgement	Actions	Timescale and who is responsible															
Age	<p>The average age in Plymouth (39.0 yrs) is about the same as the rest of England (39.3 yrs), but less than the South West (41.6yrs).</p> <p>Of the 16 SW authorities we have the third lowest percentage of older people (75), the sixth highest percentage of working age people and the fifth highest percentage of children and young people (under 18).</p> <p>Under 18s account for 19.8% of our population within this 17.5 % are under 16.</p> <p>As of March 2013, there are estimated to be 479 (6.9 %) young people aged between 16 and 18 who are NEET.</p> <p>The proportion of the working age population (16-64) is higher (66.1%) than regionally (62.8%) and nationally (64.7%).</p> <p>Using existing scheme data as at September 2016, the total CTS caseload is 23,706 (Elderly – 9,343, Working Age – 14,363). This figure increases to 27,310 if it includes both the claimant and their partner.</p> <p>The age range including all claimants and partners is as follow:</p> <table><tr><th>Age Range</th><th>Numbers</th><th>%</th></tr><tr><td>18-25</td><td>1184</td><td>4.34%</td></tr><tr><td>25-35</td><td>4027</td><td>14.75%</td></tr><tr><td>35-45</td><td>4262</td><td>15.61%</td></tr><tr><td>45-55</td><td>4415</td><td>16.17%</td></tr></table>	Age Range	Numbers	%	18-25	1184	4.34%	25-35	4027	14.75%	35-45	4262	15.61%	45-55	4415	16.17%	<p>Customers of pension age are not impacted by the proposed changes to the working age Council Tax Reduction scheme. Changes to the pension age scheme are the responsibility of central government.</p> <p>Households with children would be more adversely financially impacted by the proposals to remove the family premium (proposal 1) and limiting the number of dependent children to 2 (proposal 6)</p> <p>National Government impact assessment of changes states that of households currently in receipt of any welfare benefit those which contain someone with a disability are less likely to have children, relative to those households which do not. Therefore of households in receipt of welfare those containing someone with a disability are less likely to be affected http://www.parliament.uk/documents/impact-assessments/IA15-006E.pdf</p>	<p>Hardship fund available</p> <p>Recommendation not to implement those 2 proposals relating to families with children</p>	<p>Cabinet decision January 2017, scheme implementation April 2017</p>
Age Range	Numbers	%																	
18-25	1184	4.34%																	
25-35	4027	14.75%																	
35-45	4262	15.61%																	
45-55	4415	16.17%																	

55-65	4219	15.45%
65-75	5303	19.42%
>75	3900	14.28%
Totals	27310	

The largest proportion is pensionable age – this group is not affected by the proposed changes to the working age scheme. Note that pensionable age may be affected by changes to the pension age scheme that are made by central government.

The number of children in working age households with CTS is as follows:

Working age Households with CTS	
1 child	2511
2 children	1854
3 children	935
4 children	298
5 children	110
6 children	24
7 children	10
8 children	2
9 children	3
Total Claims	5747

	<p>The total number of households with 3 children or more is 1,382.</p> <p>Consultation feedback: 30% of respondents had children in their household. 55% of them agreed with the proposal to limit the number of dependent children to 2.</p>									
Disability	<p>A total of 31,164 people (from 28.5 per cent of households) declared themselves as having a long-term health problem or disability (national figure 25.7 per cent of households), compared with the total number of people with disabilities in UK (11,600,000).</p> <p>10 per cent of our population have their day-to-day activities limited a lot by a long-term health problem or disability.</p> <p>1,224 adults registered with a GP in Plymouth have some form of learning disability (2010/11).</p> <p>Plymouth schools report that of every 1,000 children 17.5 have a learning difficulty.</p> <p>There are 27166 adults with a disability in work.</p> <p>There are 23,407 carers aged between 18 and 64 in Plymouth known to our services.</p> <p>There are 17,937 state pension age people with disability.</p> <p>There are 3,142 children with disability.</p> <p>Our Translate Plymouth services recorded that BSL is amongst our most requested languages.</p> <p>The current scheme data as at September 2016 identifies 5,970 CTS claims where there is a disability recorded:</p> <table><tr><th>Age Range</th><th colspan="2">Disabled</th></tr><tr><td>18-25</td><td>111</td><td>9.38%</td></tr></table>	Age Range	Disabled		18-25	111	9.38%	<p>Proposal 5 – removing the work related activity component for new ESA claimants</p> <p>National Government impact assessment of changes states no families will see a cash loss as a result of the policy. Instead those who may be affected will be those claiming ESA from April 2017 and have limited capability for work. The notional loss to each family is expected to be around £28 a week. Someone moving into work could, by working around 4-5 hours a week at National Living Wage, recoup the notional loss of the Work-Related Activity component or Limited Capability for Work element.</p> <p>Provisional modelling indicates a loss of support from the CTS scheme of £5.90 per year to vulnerable households (which includes this protected characteristic) should the recommended option be implemented</p> <p>http://www.parliament.uk/documents/impact-assessments/IA15-006B.pdf</p> <p>Proposal 7 – remove the severe disability premium from people cared for by a UC claimant with carer’s element treats all claimants fairly, as this is already in place for</p>	<p>Hardship fund available</p> <p>Further work to model the impact on Plymouth CTS scheme in more detail is underway</p>	
Age Range	Disabled									
18-25	111	9.38%								

	<table><tr><td>25-35</td><td>436</td><td>10.83%</td></tr><tr><td>35-45</td><td>634</td><td>14.88%</td></tr><tr><td>45-55</td><td>1176</td><td>26.64%</td></tr><tr><td>55-65</td><td>1247</td><td>29.56%</td></tr><tr><td>65-75</td><td>1175</td><td>22.16%</td></tr><tr><td>>75</td><td>1191</td><td>30.54%</td></tr><tr><td>Totals</td><td>5970</td><td></td></tr></table> <p>22% of caseload has a disability this is lower than the total Plymouth population figure - suggests under representation of people eligible to apply to the scheme</p> <p>Consultation feedback: 85 of the total of 273 respondents described themselves as disabled. Of those, 25 disagreed with the proposal relating to work related activity component. 31 disagreed with the proposal to remove the severe disability premium (where the claimant is cared for by someone already in receipt of Universal credit carers element)</p>	25-35	436	10.83%	35-45	634	14.88%	45-55	1176	26.64%	55-65	1247	29.56%	65-75	1175	22.16%	>75	1191	30.54%	Totals	5970		housing benefit claimants.		
25-35	436	10.83%																							
35-45	634	14.88%																							
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65-75	1175	22.16%																							
>75	1191	30.54%																							
Totals	5970																								
Faith/religion or belief	<p>84,326 (32.9%) per cent of the Plymouth population stated they had no religion.</p> <p>Those with a Hindu, Buddhist, Jewish or Sikh religion combined totalled less than 1 per cent.</p> <p>Christianity: 148,917 people (58.1 per cent), decreased from 73.6 per cent since 2001.</p> <p>Islam: 2,078 people (0.8 per cent), doubled from 0.4 per cent since 2001.</p>	<p>Eligibility and calculations are not made based on faith/religion or belief.</p> <p>National Government impact assessment of changes highlights that lone parents, women and ethnic minority households are more likely to be impacted</p> <p>http://www.parliament.uk/documents/impact-assessments/IA15-006E.pdf</p>	Hardship fund available																						

	<p>Buddhism: 881 people (0.3 per cent), increased from 0.2 per cent since 2001.</p> <p>Hinduism: 567 people (0.2 per cent) described their religion as Hindu, increased from 0.1 per cent since 2001.</p> <p>Judaism: 168 people (0.1 per cent), decreased from 181 people since 2001.</p> <p>Sikhism: 89 people (less than 0.1 per cent), increased from 56 people since 2001.</p> <p>0.5 per cent of the population had a current religion that was not Christianity, Islam, Buddhism, Hinduism, Judaism or Sikh, such as Paganism or Spiritualism.</p> <p>This information is not available for our scheme as it is not collected.</p>			
Gender - including marriage, pregnancy and maternity	<p>Overall 50.6 per cent of our population are women and 49.4 per cent are men: this reflects the national figure of 50.8 per cent women and 49.2 per cent men.</p> <p>There were 3280 births in 2011. Birthrate trends have been on the increase since 2001, but since 2010 the number of births has stabilised. Areas with highest numbers of births include Stonehouse (142), Whitleigh (137) and Devonport (137).</p> <p>Of those aged 16 and over, 90,765 people (42.9 per cent) are married. 5,190 (2.5 per cent) are separated and still legally married or legally in a same-sex civil partnership.</p> <p>In Plymouth in 2014 average hourly earnings for women (£10.00) were 93 per cent of average hourly male earnings (£11.82).</p> <p>In Plymouth in 2005, women working full time earned only 81 per cent of average hourly full-</p>	<p>National Government impact assessment of changes highlights that lone parents, women and ethnic minority households are more likely to be impacted</p> <p>http://www.parliament.uk/documents/impact-assessments/IA15-006E.pdf</p>	Hardship fund available	

	<p>time male earnings. By 2010 this gap had closed and women were earning 90 per cent. In 2014 the gap had slightly widened.</p> <p>Across the South West region in 2014 women working full-time only earn 86 per cent of average full-time hourly male earnings, and for the UK as a whole the figure is 90 per</p> <p>Women employed by Plymouth City Council currently earn 96% of the average full time hourly wages of their male colleagues.</p> <p>The current scheme data (as at September 2016) identifies the number of male/female claimants:</p> <table><tr><td>Male</td><td>10743</td><td>39.34%</td></tr><tr><td>Female</td><td>16567</td><td>60.66%</td></tr></table>	Male	10743	39.34%	Female	16567	60.66%			
Male	10743	39.34%								
Female	16567	60.66%								
Gender reassignment	<p>It is estimated that there may be 10,000 transgender people in the UK.</p> <p>There were 26 referrals from Plymouth made to the Newton Abbott clinic, in 2013/14.</p> <p>The average age for presentation for reassignment of male-to-females is 40-49.</p> <p>For female-to-male the age group is 20-29.</p> <p>Twenty three transgender people belong to Pride in Plymouth.</p> <p>This information is not available for our scheme as it is not collected.</p>	Eligibility and calculations are not made based on gender preference.	Hardship fund available							

Race	<p>92.9 per cent of Plymouth's population identify themselves as White British.</p> <p>7.1 per cent identify themselves as Black and Minority Ethnic (BME) with White Other (2.7 per cent), Chinese (0.5 per cent) and Other Asian (0.5 per cent) the most common ethnic groups.</p> <p>Our recorded BME population rose from 3 per cent in 2001 to 6.7 per cent in 2011, and therefore has more than doubled since the 2001 census.</p> <p>Recent census data suggests we have at least 43 main languages spoken in the city, showing Polish, Chinese and Kurdish as the top three. Based on full year data for 2012-13, our Translate Plymouth services recorded that the most requested languages are Polish, British Sign Language (BSL) and Chinese Mandarin. Nearly 100 different languages are spoken in schools by children of different backgrounds. Polish and Arabic are the most common, spoken by 385 and 143 children respectively. Four neighbourhoods have a population of school age children where 20 per cent or more are from a BME background. They are City Centre (38.0 per cent), Greenbank and University (32.3 per cent), Stonehouse (29.9 per cent) and East End (23.4 per cent). There are 1867 school children (over 5 years old) that speak English as an additional other language.</p> <p>The Ride has 13 recently refurbished permanent site pitches. We have three small private sites with a total of 4 pitches. In 2010, which was our peak year, we dealt with 44</p>	<p>Eligibility and calculations are not made based on race.</p> <p>National Government impact assessment of changes highlights that lone parents, women and ethnic minority households are more likely to be impacted</p> <p>http://www.parliament.uk/documents/impact-assessments/IA15-006E.pdf</p>	<p>Hardship fund available</p>	
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	<p>unauthorised encampments in the city with over 200 children living on them.</p> <p>The 2001 Census records that there were 4328 people from the A8 and A2 Accession Countries resident in the City. Of these 2332 recorded their country of birth as Poland, with 57 per cent arriving between March 2006 and 2008.</p> <p>This information is not available for our scheme as it is not collected.</p>			
Sexual orientation -including civil partnership	<p>There is no precise local data on numbers of Lesbian, Gay and Bi-sexual (LGB) people in Plymouth, but nationally the government have estimated this to be between 5 - 7 per cent and Stonewall agree with this estimation given in 2005. This would mean that for Plymouth the figure is approximately 12,500 to 17,500 people aged over 16 in Plymouth are LGB.</p> <p>There are 464 people in a registered Same-Sex Civil Partnership</p> <p>This information is not available for our scheme as it is not collected.</p>	Eligibility and calculations are not made based on sexual orientation.	Hardship fund available	

STAGE 3: ARE THERE ANY IMPLICATIONS FOR THE FOLLOWING? IF SO, PLEASE RECORD ACTIONS TO BE TAKEN

Local priorities	Implications	Timescale and who is responsible
Reduce the gap in average hourly pay between men and women by 2020.		
Increase the number of hate crime incidents reported and maintain good satisfaction rates in dealing with racist, disablist, homophobic, transphobic and		

faith, religion and belief incidents by 2020.		
Good relations between different communities (community cohesion)		
Human rights Please refer to guidance		

STAGE 4: PUBLICATION

Responsible Officer: Emma Rose

Date 28 November 2016

Director, Assistant Director or Head of Service

**TAMAR BRIDGE AND TORPOINT FERRY – 2017/18
REVENUE ESTIMATES AND CAPITAL PROGRAMME**

City Council: 31 January 2017

**CABINET MINUTE 53 (17 January 2017)**

Councillor Nicholson presented the Tamar Bridge Torpoint Ferry Joint Committee's (TBTFJC) 2017/18 Revenue Estimates and Capital Programme report submitted to TBTFJC on 24 November 2016 and the draft minutes recording the endorsement.

Agreed that Cabinet recommends the Tamar Bridge Torpoint Ferry Joint Committee's 2017/2018 Revenue Estimates and Capital Programme to Full Council for approval.

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PLYMOUTH CITY COUNCIL

Subject: Tamar Bridge & Torpoint Ferry
2017/18 Revenue Estimates and Capital Programme

Committee: Cabinet

Date: 17 January 2017

Cabinet Member: Councillor Patrick Nicholson

CMT Member: Anthony Payne (Strategic Director for Place)

Author: David List, General Manager Tamar Bridge and Torpoint Ferry

Contact details Email: david.list@tamarcrossings.org.uk

Ref:

Key Decision: No

Part: I

Purpose of the report:

The Tamar Bridge and Torpoint Ferry are operated, maintained and improved jointly by Plymouth City Council and Cornwall Council on a 'user pays' principle, being funded by toll income using powers derived from the Tamar Bridge Act. The crossings are governed by the Tamar Bridge and Torpoint Ferry Joint Committee (TBTFJC) comprised of five councillors from each of the parent Authorities.

The finances of the joint undertaking are effectively ring-fenced by the Tamar Bridge Act, and it is operated as a self-financing business. TBTFJC's revenue and capital expenditure are funded entirely from Bridge and Ferry toll income and do not affect the budgets of either Plymouth City Council or Cornwall Council. TBTFJC's Terms of Reference require the Cabinets of the Joint Authorities to recommend TBTFJC's budgets to their respective Full Councils.

This report presents TBTFJC's 2017/18 Revenue Estimates and Capital Programme report submitted to TBTFJC on 24 November 2016 and draft minutes recording TBTFJC's endorsement.

The Council Corporate Plan 2016/19:

The Tamar Bridge & Torpoint Ferry links are key gateways to the City and provide opportunities for investment, jobs and growth particularly in the wider context of Plymouth as the regional economic centre.

Providing a safe well-maintained road network contributes to the economic well-being of the City, supporting the Council's Growth priority.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

Finance – The proposed revenue budget and capital financing will be funded entirely from toll income, and based on assumed annual traffic growth of 1% from April 2017 to April 2019 at the Ferry and no traffic growth at the Bridge in that period, no increases in toll charges are anticipated until 2019.

The TBTFJC's borrowing requirements are provided through Cornwall Council. This arrangement together with subsequent servicing costs of the loans being funded from toll revenue means that approval of TBTFJC's Revenue Estimates and Capital Programme will not affect Plymouth City Council budgets.

Human – The budgets support the approved Business Plan 2015-2019 and this will be delivered by the existing organisation using its own staff, contractors and consultants, with support from the parent authorities.

IT – The IT implications are restricted to incremental improvement of existing systems as part of the Business Plan and associated projects.

Land – No land issues arising from this item.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

Risk Management – A risk register and mitigation measures are included within the Tamar Bridge and Torpoint Ferry Business Plan 2015-2019. The risk register and mitigation measures are updated every six months and presented to TBTFJC. The most recent revision was presented to TBTFJC on 24 November 2016.

It should be noted that Plymouth City Council and Cornwall Council have reviewed the TBTFJC Business Plan, Business Continuity Management System and Risk Management Framework, and are content that the business continuity risks associated with TBTFJC are adequately covered.

Health and Safety – Key Performance Indicators within the Business Plan are designed to drive improvement.

There are no child poverty or community safety implications.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes, these are provided within respective TBTFJC reports.

Recommendations and Reasons for recommended action:

That the Cabinet recommends TBTFJC's 2017/2018 Revenue Estimates and Capital Programme to Full Council for approval.

Alternative options considered and rejected:

The Business Plan 2015-2019 and its forthcoming 2017-2019 successor are designed to deliver safe, reliable and efficient crossings of the Tamar. The key priorities and delivery actions support the Plan and maintain established service delivery characteristics. The proposed budgets provide the resources to deliver the plan.

Asset maintenance has been designed to optimise service delivery and life cost.

Appendices :

Tamar Bridge & Torpoint Ferry Joint Committee reports, 24 November 2016 :

Appendix 1 - 2017/18 Revenue Estimates and Capital Programme

Appendix 2 - Tamar Bridge Suspension System Remedial Work

Appendix 3 – Draft Minutes of TBTFJC Meeting 24 November 2016

Background papers:

Sign off:

Fin	AKH 1617. 56	Leg	2723 6/D VS	Mon Off	Lt/ 27 23 24	HR		Assets		IT		Strat Proc	
Originating SMT Member													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

Introduction

- 1.1 The Tamar Bridge and Torpoint Ferry are operated, maintained and improved jointly by Plymouth City Council and Cornwall Council on a 'user pays' principle, being funded by toll income using powers derived from the Tamar Bridge Act. The finances of the joint undertaking are effectively ring-fenced by the Act, and it is operated as a self-financing business. TBTFJC's revenue and capital expenditure are funded entirely from Bridge and Ferry toll income and do not affect the budgets of either Plymouth City Council or Cornwall Council. The undertaking follows an approved four-year Business Plan (currently 2015-2019) which aims to provide the service without external financial support from the parent authorities or other source.

Revenue Estimates

- 1.2 The proposed Revenue Estimates 2017/18 (budgets) and indicative estimates for future years support the approved 2015-2019 Business Plan and are consistent with the organisation's long-term financial model. They have been determined from the detailed analysis of forecast expenditure and income. The various assumptions made in financial modelling have also been examined at TBTFJC meetings. Assumptions on pay inflation and on interest rates for borrowing and investment have followed those used by Cornwall Council.
- 1.3 Income in the 12 months ending 31 October 2016 was 1.7% higher than in the preceding 12 month period, which was higher than the 1% increase anticipated in earlier forecasts. Current forecasts predict this recent trend to continue through to the end of this financial year. It is assumed that Ferry toll income will increase by 1% per annum for 2017/18 and 2018/19 in line with previous forecasts and reflecting a small switch away from use of the bridge during periods of major works. Beyond April 2019 Ferry income is assumed to remain unchanged. Beyond April 2017 Bridge income is assumed to remain unchanged as any natural growth in traffic levels is likely to be suppressed by minor disruption due to planned essential capital works (see Capital Programme below). The above income forecast is considered to be a conservative but prudent approach in comparison to the Office for Budget Responsibility's (OBR) latest forecasts of economic growth of at least 1.4%, increasing to 2.1% towards the end of our forecasting period.
- 1.4 TBTFJC adopts a prudent minimum level of reserves of £2m, and a forecast of falling below that threshold is used as the trigger for a requirement for additional income. Based on the assumptions set out above and funding of the projects in the Capital Programme by borrowing, indicative reserves fall from £3.87m at the end of 2017/18 to £0.44m at the end of 2019/20. Indicative reserves do not fall below £2m until 2019/20 and it is therefore not anticipated that any toll revision will be necessary until that financial year.
- 1.5 Detail on the revenue estimates is shown in Appendix I being the report presented as item 5.2 of the agenda pack for the 24 November 2016 meeting of TBTFJC, and these were approved by TBTFJC for recommendation to Constituent Authorities as shown in the draft minutes at Appendix 3.

Capital Programme

Financing

- 1.6 As established within previous years' budget reports, the financing of capital projects is currently undertaken through the advance of funding from Cornwall Council (in effect borrowing). This spreads the effect on the revenue budget and therefore on the level of reserves held by the Joint Committee. The financing costs for the approved programme, the increased budget for the Bridge Office Development Project, the proposed additional item Tamar Bridge Suspension System Remedial Work and also the provisional item Bridge Resurfacing Works – Phase 2 are all reflected within the revenue estimates.

Detail on the consolidated capital programme is shown in the report at Appendix 1, being the report presented as item 5.2 of the agenda pack for the 24 November 2016 meeting of TBTFJC, .

Projects

- 1.7 The following items are in the approved Capital Programme for 2017/18 and are unchanged from the 2016 programme approval :

Bridge Protective Coating	£4.57m
Bridge Structural Monitoring System	£0.10m
Bridge Kerb Units and Waterproofing	£3.85m

- 1.8 The Bridge Protective Coating project commenced in May 2015 and addresses the areas with the worst corrosion on the underside of the vehicle deck and on the supporting truss. The work is largely below vehicle deck level, and access is generally from the pedestrian/cycle lane on the south side of the structure, while keeping the lane open to pedestrians, cyclists and mobility scooters. The works only affect vehicle lanes occasionally in off-peak periods for specific access. The strategy adopted for this first phase of recoating will be assessed and will inform future phases.
- 1.9 The Bridge Structural Monitoring System will be procured and installed in 2017 to replace the existing 15 year-old system which is now operating in a degraded state. The new system will monitor physical characteristics of the structure including geometry, loads in certain structural elements and environmental conditions. Neither the installation nor the operation of this system will affect users.
- 1.10 The Bridge Kerb Units and Waterproofing project is planned to commence in late Spring/early Summer 2017 and will involve the following :
- removal of all kerb units and existing fixings
 - installation of new fixing system
 - waterproofing of affected vehicle deck area
 - refitting of kerb units

The detail of traffic management for this work has not yet been finalised but will aim to minimise impact on users, particularly in peak periods and where possible coordinate with traffic management for other major works. The works will commence on the pedestrian/cycle lane on the south cantilever.

- 1.11 The proposed Capital Programme includes a new item – Tamar Bridge Suspension System Remedial Work. This item was the subject of a separate report to TBTFJC at its 24 November 2016 meeting seeking a budget of £6.00m, and this report can be found at Appendix 2.

The need for this work follows a series of detailed inspections of elements of the suspension system - which we refer to as cable band bolts and hanger bolts - and subsequent investigations.

These bolts carry load from the vehicle deck via the vertical hanger cables up to the main cables and are fundamental to the function of the structure. The bolts in question were expected to last for the life of the structure and not normally subject to any detailed inspections. However relatively recent high profile failures and issues on other structures (e.g. Hammersmith Flyover) have led to an industry focus on such elements and as a result our inspection and testing programme was extended. All such bolts on the structure (1374 in total) have now been inspected and tested - most in-situ and some in laboratory conditions. Through inspections 20% of the bolts have characteristics outside the acceptable specification range currently there are no bolt failures. It is prudent to start these works in the next financial year to ensure the structure remains safe.

The wide distribution of these sub-standard bolts around the structure means that virtually every hanger/deck/main cable connection needs to be accessed, and the access arrangements will be a critical and expensive aspect of the work. As with the kerb remedial work, the detail of traffic management for this work has not yet been finalised but will aim to minimise impact on users, particularly in peak periods and where possible coordinate with traffic management for other major works. The works are planned to commence in April 2017.

This item was approved by TBTFJC for inclusion in the proposed Capital Programme as shown in the draft minutes at Appendix 3.

- 1.12 The Bridge Office Development project approved by both parent authorities will provide a new fit for purpose Control Room, an improved customer services hub, improved operational resilience and additional office accommodation,

In conjunction with this development, TBTFJC has plans to create a Learning Centre facility at the same location and has sought funding from the Heritage Lottery Fund (HLF) to support that project. The project will develop a proposed Science, Technology, Engineering, Art and Mathematics (STEAM) hub, overlooking the two bridges and deliver a programme of events and learning activities led by a Community, Learning and Volunteering coordinator. TBTFJC will develop the project in liaison with partners including Plymouth History Centre, schools, universities and local community organisations to maximize public benefit and interest.

It has been confirmed in December 2016 that TBTFJC has been successful in its latest (3rd) Round One application to the HLF for contribution of £37,000 towards the total £47,500 project development phase of the proposed Learning Centre project at Tamar Bridge. Success at Round Two would bring a further HLF contribution of £272,700 for implementation.

The proposed Capital Programme includes an increase in the budget for the Bridge Office Development project following the recent tender exercise. To facilitate award to the preferred tenderer an increase is sought in the project budget from £3.97m to £4.7m. The project procurement team believes that the preferred tender is above the forecast figure due to a range of factors including the following :

- building cost inflation – programme and design delayed due to MoD and other planning considerations
- general market conditions – the project cost consultant advised that the southwest construction market is very buoyant and contractors are very selective about the projects that they bid for
- successive Heritage Lottery Fund (HLF) bids for the Learning Centre have been iteratively scaled back adding some costs to the project

The works are planned to commence in April 2017.

The proposed budget increase for this item was approved by TBTFJC for inclusion in the proposed Capital Programme as shown in the draft minutes at Appendix 3.

Future Capital Projects

- I.13 One further unapproved but anticipated item has been noted in the Capital Programme - Bridge Resurfacing Works – Phase 2. Phase 1 Resurfacing completed in 2011 only addressed the Plymouth side span of the main deck – the most heavily trafficked section of the structure. Phase 2 addressing the remainder of the carriageway is scheduled to commence in 2018/19. A business case will be developed for this item and presented to a future meeting of TBTFJC for consideration, but in the meantime the revenue cost of financing this unapproved but anticipated work has been included in financial modelling to ensure that TBTFJC, Cabinets and Full Councils have an accurate picture demonstrating the affordability of the overall programme and the future financial position. This project will be recommended to the parent Authorities for later addition to the Capital Programme in due course, based on ongoing assessment of carriageway condition.

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Cornwall Council

Report to: **Tamar Bridge & Torpoint Ferry Joint Committee**

Date: **24th November 2016**

Title: **2017/18 Revenue Estimates & Capital Programme**

Portfolio Area **Transport & Waste**

Divisions Affected **All**

Relevant Scrutiny Committee: **Scrutiny Management Committee**

Relevant Portfolio Advisory Committee (Cabinet (executive) decisions):
Transport & Waste

Key Decision: **N** Approval and clearance obtained: **Y**

Urgent Decision: **N** Date next steps can be taken: **N/A**
(e.g. referral on of recommendation or implementation of substantive decision)

Appropriate pre-decision notification given where an executive Decision? **Y**

Author: **Julia Harvey** Role: **Service Accountant**
Andrew Vallance **Business Manager**

Contact: **01872 324944** jaharvey@cornwall.gov.uk
01752 361577 andrew.vallance@tamarcrossings.org.uk

Recommendations:

The Joint Committee recommends that the constituent authorities approve:

1. the proposed revenue budget for 2017/18 as set out in Appendix 1;
2. the proposed capital programme as set out in Appendix 2; and
3. that the longer term forecast to 2020/21 be noted.

Cornwall Council

1. Executive summary

This report sets out for consideration and approval, the proposed revenue estimates (budget) for the Joint Committee for 2017/18 and indicative figures for the subsequent three years 2018/19, 2019/20 and 2020/21, together with the proposed capital programme.

The reserve position at 31 March 2018 is forecast to be £3.872m. Indicatively, future years show that the reserve position will then decrease year on year dropping below £2.000m during 2019/20.

2. Background

The Tamar Bridge and Torpoint Ferry (TBTF) are operated, maintained and improved jointly by Plymouth City Council and Cornwall Council on a 'user pays' principle, being funded by toll income using powers derived from the Tamar Bridge Act. The finances of the joint undertaking are effectively ring-fenced by the Act and it is operated as a self-financing business.

The reserve balance at the beginning of this financial year stood at £3.923m.

3. Outcomes/outputs

Key Assumptions

The figures presented in this report include a number of adjustments to the financial model, to take account of changes in capital expenditure and related financing arrangements and to reflect current economic conditions for cost inflation and interest rates. The forecast cost of long term capital financing is currently anticipated at 4.53%. The forecast levels of general inflation and short term interest rates applicable to the funds held by the Joint Committee are now assumed as follows:

Rates	2017/18	2018/19	2019/20	2020/21
Inflation	2.00%	2.00%	2.00%	2.00%
Interest (Receivable)	0.25%	1.00%	1.00%	1.00%
Interest (Payable)	4.53%	4.53%	4.53%	4.53%

Cornwall Council

Revenue Budget and Summary of Variations

The proposed revenue budget is set out in Appendix 1. The variations between the latest 2016/17 forecast and the proposed 2017/18 budget are listed on page 5 of Appendix 1 – the later years covered by the revenue figures are indicative.

Some of the more significant items affecting the proposed budget are as follows:

Corporate

- Reduction in bank charges of £0.025m due to merchant provider costs expected to reduce.
- A £0.040m reduction in Tag Statement production through bringing the process in house.
- Removal of the £0.020m contribution for the Plymouth City Council park and ride study.

An increase to income has been applied at the Ferry only. Any increase of income at the Bridge is likely to be affected by major works required for the suspension system remedial works and kerb and waterproofing improvements and therefore the Bridge income level remains static.

Bridge

The revenue budget makes provision for the ongoing maintenance and operation of the bridge and its infrastructure in line with current engineering best practice. The main changes from the previous year are:

- An increase of £0.580m for the toll equipment refit project costs consolidating budget provision over several years and representing an overall reduction in anticipated costs.
- An increase of £0.128m for IT server software and installation of PC hardware in relation to the new office development
- Reinstatement of £0.072m in respect of Grounds Maintenance following delay in works during 2016/17
- Removal of £0.050m increase to the 2015/16 budget for additional painting to cover hand strand, main cable and other areas not included within capital spend.

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Ferry

The revenue budget also makes provision for the ongoing maintenance and operation of the ferries and their associated infrastructure in line with current engineering best practice. The main changes from the previous year are:

- Additional £0.175m provision to carry out stabilisation works to the yard rock face, further discussion is required to establish whether this is capital work.
- Additional £0.097m staffing and salary costs for pay award increases, increments, NI and superannuation rate increases
- Additional £0.075m to allow for slipway grouting works within Shore Infrastructure.
- Addition of £0.050m for Ferry Refit to carry out preliminary works and to contract professional support for the tender specification
- Additional £0.040m for IT server software and installation of PC hardware in line with improvements at the new office development

Capital Programme

The proposed capital programme is shown in Appendix 2. The projects detailed under 'Current Programme' have already been approved.

Bridge Resurfacing Works – Phase 2 has been included under Future Programme and remains within the future years' indicative budget, for information only.

Work has now been undertaken by officers to assess the current capital programme and the revised estimate for 2016/17 is now anticipated at £1.355m, a reduction of £2.795m. In general, this reduction in the current year has been re-profiled across future years.

- Bridge Protective Coating – The scheme has been re-profiled and expected to now complete during 2018/19
- Bridge Structure Monitoring System – This £0.100m scheme is now due to be completed within 2017/18
- Bridge Office Development – Details of increased costs and have been provided in the General Managers report. An increase in total forecast cost from £3.970m to £4.700m has been incorporated into

Cornwall Council

the capital programme for approval. The scheme has been profiled with the majority of expenditure during 2017/18 and 2018/19.

- Bridge Kerb Units and Waterproofing Improvements has been re-profiled with the majority of expenditure to now take place during 2017/18 and 2018/19. The forecast remains at £3.850m.
- Suspension System Remedial Works - £6.000m has been added to the capital programme for approval and expenditure will take place during 2017/18 and 2018/19. Details of the scheme have been provided in a separate report.
- Bridge Resurfacing Works have been included in the capital programme for 2018/19 and 2019/20 and remain for information only at this stage.

In response to Members comments on the financing of the capital programme, a workshop was held on 27 May 2016 to explore the differing financial implications of using borrowing, reserves or revenue contributions. It is recommended that large scale capital projects, such as the Suspension System Remedial works programme as outlined above, are funded from borrowing. To fund the cost of the project from revenue or reserves would have a significant impact and require a toll review.

Following the recommendations from the workshop, officers continue to review the capital programme and identify smaller scale work that could be funded from in year revenue underspends, or reserves, without significantly advancing the timing of the critical forecast reserves position.

Reserves

The reserve position as at the 31 March 2018 (Appendix 3) is forecast to be £3.872m. Indicatively, future years show that the reserve position will decrease year on year. The forecast 2018/19 end of year reserve position is £2.489m and the 2019/20 forecast outturn is for a further reduction to £0.443m. These forecasts assume no increase in tolls but suitable changes effective in April 2019 would ensure that the reserve level remains above £2.000m.

4. Options available and consideration of risk

This budget paper sets out the financial plan of the Joint Committee for 2016/17 and indicative future years. This enables consideration of the balances available, informs decision making and enables risks to be appropriately managed.

5. Proposed Way Forward

Cornwall Council

The decision is sought that the Joint Committee recommends that the constituent authorities approve:

1. the proposed revenue budget for 2017/18 as set out in Appendix 1;
2. the proposed capital programme as set out in Appendix 2; and
3. That the longer term forecast to 2020/21 be noted.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	N	None arising directly from this report.
Financial	N	The financial implications are as set out in the body of this report. The Joint Committee needs to be mindful of the need to operate within the agreed minimum level of reserves of £2m.
Risk		A risk register and mitigation measures are included in the Tamar Bridge & Torpoint Ferry Business Plan 2015-2019.
Comprehensive Impact Assessment Implications		
Equality and Diversity		There are no Equality and Diversity implications associated with this report.
Safeguarding		There are no Safeguarding implications associated with this report.
Information Management		There are no Information Management implications associated with this report.
Community Safety, Crime and Disorder		This report has no impact upon crime and disorder reduction.
Health, Safety and Wellbeing		There are no Health, Safety and Wellbeing implications associated with this report.
Other implications		None.

Cornwall Council

Supporting Information

Appendices:

Appendix 1 Revenue Estimates 2016/17 (revised) and 2017/18 and indicative projections for 2018/19-2020/21

Appendix 2 Capital Programme 2016/17 to 2020/21

Appendix 3 Statement of Estimated Reserves 2016/17 to 2020/21

Background Papers:

None.

Approval and clearance of report

All reports:

Final report sign offs	This report has been cleared by OR not significant/not required	Date
Legal (if significant/required)	Simon Mansell	16.11.16
Finance Required for all reports	Leah Thomas, Interim Strategic Finance Manager	17.11.2016
Equality and Diversity	Not required	

**Revenue Budget 2017/18
and Indicative Projections for 2018/19 to 2020/2021**

<i>Overall Summary</i>	<i>Page 1</i>
<i>Corporate Estimates</i>	<i>Page 2</i>
<i>Bridge Operation Estimates</i>	<i>Page 3</i>
<i>Ferry Operation Estimates</i>	<i>Page 4</i>
<i>Analysis of Variations</i>	<i>Page 5</i>

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

OVERALL SUMMARY	2016/17 Original Budget £'000	2016/17 Revised Forecast £' 000	2017/18 Budget £' 000	2018/19 Indicative £' 000	2019/20 Indicative £' 000	2020/21 Indicative £' 000
Operational Summary						
Income	(11,046)	(11,205)	(11,218)	(11,201)	(11,187)	(11,388)
Expenditure						
Corporate	429	457	382	465	397	405
Bridge Operations	3,528	3,378	4,234	3,531	3,589	3,637
Ferry Operations	4,810	4,749	5,264	5,796	5,904	5,971
	8,767	8,584	9,880	9,792	9,890	10,013
Operating (Surplus)/Deficit	(2,279)	(2,621)	(1,338)	(1,409)	(1,297)	(1,375)
Interest on CC financing	903	867	1,017	1,367	1,558	1,533
Interest on Joint Committee balances	(6)	(6)	(6)	(24)	(24)	(14)
Capital Expenditure financed from Revenue	0	0	0	0	0	0
Contribution to CC MRP	1,048	1,042	1,096	1,449	1,809	1,914
Overall (Surplus)/Deficit on Undertaking	(334)	(718)	769	1,383	2,046	2,058
Reserve Balance brought forward	(2,845)	(3,923)	(4,641)	(3,872)	(2,489)	(443)
Reserve Balance carried forward	(3,179)	(4,641)	(3,872)	(2,489)	(443)	1,615

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

CORPORATE	2016/17 Original Budget £'000	2016/17 Revised Forecast £' 000	2017/18 Budget £' 000	2018/19 Indicative £' 000	2019/20 Indicative £' 000	2020/21 Indicative £' 000
INCOME						
Tolls						
Toll income - Bridge	(4,925)	(5,064)	(5,064)	(5,064)	(5,064)	(5,166)
Toll income - Ferry	(659)	(659)	(666)	(673)	(673)	(673)
Concessionary toll income - Bridge	(3,996)	(4,015)	(4,015)	(4,015)	(4,015)	(4,096)
Concessionary toll income - Ferry	(519)	(519)	(524)	(529)	(529)	(529)
	(10,099)	(10,257)	(10,269)	(10,281)	(10,281)	(10,464)
Other						
Tag Account Fee	(506)	(506)	(506)	(506)	(506)	(516)
Saltash Tunnel control	(333)	(324)	(327)	(330)	(333)	(340)
Tag statements	(1)	(4)	(2)	0	0	0
Other income	(107)	(114)	(114)	(84)	(67)	(68)
	(947)	(948)	(949)	(920)	(906)	(924)
TOTAL INCOME	(11,046)	(11,205)	(11,218)	(11,201)	(11,187)	(11,388)
EXPENDITURE						
Other Expenditure						
Support services	50	62	63	65	66	67
Tag statements	28	55	16	16	17	17
Purchase of tags	203	203	208	212	216	220
Bank charges	78	78	54	55	56	57
Internal Audit fees	8	8	8	8	8	9
External Audit fees	11	0	0	0	0	0
Consultants	31	31	32	33	33	34
Professional Fees	20	20	1	1	1	1
Cost of Toll Review	0	0	0	75	0	0
TOTAL EXPENDITURE	429	457	382	465	397	405

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

BRIDGE OPERATIONS	2016/17 Original Budget £'000	2016/17 Revised Forecast £' 000	2017/18 Budget £' 000	2018/19 Indicative £' 000	2019/20 Indicative £' 000	2020/21 Indicative £' 000
Employees						
Salaries and wages	918	975	1,011	1,028	1,046	1,067
Agency staff	20	60	21	22	22	22
Indirect employee expenses	16	18	21	21	22	23
Premises						
Repair and maintenance - buildings & grounds	135	58	130	75	56	58
Repair and maintenance - bridge & infrastructure	479	579	541	551	562	574
Bridge & gantry inspections	269	269	274	279	285	291
Energy costs, water, rent and rates	71	71	73	74	76	77
Insurances	67	27	27	28	28	29
Other premises costs	16	16	16	36	36	37
Transport Related Expenses						
Staff travel	31	16	17	17	17	18
Supplies & Services						
Operational expenses	481	292	909	339	346	356
Office expenses	272	293	476	330	337	303
Toll collection & banking	538	508	528	559	581	604
Breakdown recovery	134	134	137	140	142	145
Other expenses	43	41	43	22	23	23
Support service charges	38	21	10	10	10	10
Net Expenditure - Bridge Operations	3,528	3,378	4,234	3,531	3,589	3,637

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

FERRY OPERATIONS	2016/17 Original Budget £'000	2016/17 Revised Forecast £' 000	2017/18 Budget £' 000	2018/19 Indicative £' 000	2019/20 Indicative £' 000	2020/21 Indicative £' 000
Employees						
Salaries and wages	2,864	2,952	3,049	3,101	3,154	3,217
Agency staff	26	75	52	20	20	21
Indirect employee expenses	64	108	112	73	75	76
Premises						
Repair and maintenance - buildings & grounds	90	59	260	240	245	250
Energy costs, water, rent and rates	79	77	79	80	82	84
Other premises costs	67	70	72	74	75	77
Transport Related Expenses						
Staff travel	20	27	28	28	29	29
Supplies & Services						
Repair & maintenance - ferries & infrastructure	747	540	626	563	575	586
Annual refit - ferries	0	0	50	751	766	731
Fuel costs (Marine Gas Oil)	245	245	245	250	255	260
Insurances	117	122	124	127	129	132
Operational expenses	201	201	211	155	158	161
Office expenses	219	226	306	284	289	295
Other expenses	24	21	23	23	24	24
Support service charges	47	26	27	27	28	28
Net Expenditure - Ferry Operations	4,810	4,749	5,264	5,796	5,904	5,971

Variations between the Revised 2016/17 and 2017/18 Original Estimates

The variation of £1.487m between the revised estimated overall net surplus for 2016/2017 of £0.718m and the 2017/2018 estimated overall net cost of £0.769m is accounted for as follows:

	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporate			
Inflation for prices (net)	10		
Reduction in Bank Charges of £25k in merchant provider costs	(25)		
Tag Statement Production reduction of £40k costs due to processing in house	(40)		
Professional Fees reduction of £20k, removal of contribution to Park & Ride study	(20)		
Reduction of Tag Statement Income assuming provision of statements ceasing in 2017-18	2		
Increase in Cash Toll (Ferry), anticipated increase to Bridge closures	(7)		
Increase in Tag Toll (Ferry), anticipated increase related to Bridge closures	(5)		
Increase in Saltash Tunnel Income, 1% Infl	(3)		
		(88)	
Bridge			
Increases for pay awards, increments, Ni and Superann rates etc.	36		
Reduction in agency staff costs - stability of workforce	(39)		
HSE Training provision	3		
Removal of R&M Painting to cover handstrand, main cable and other areas not within capital spend added in 2015-16	(50)		
Reinstatement of budget in 2017/18 following delay to works in 2016/17	72		
New and upgraded CCTV systems	25		
Health & Safety equipment, increase provision for new office development - fire safety equipment	3		
Rebranding of uniforms	2		
New furniture requirements for new office development	30		
Increase for toll equipment refit project costs consolidating budget provision over several years	580		
Toll e-cash processing solution	10		
IT server software and instal of PC hardware for new office development	128		
Additional line rental costs for new telephone system re new office development	25		
Reduction for removal of redundant broadband connections	(5)		
Inflation for goods and services	45		
Small increase in conference and hotel expenses	2		
Reduction in remaining provision of HR support provided by Plymouth City Council	(11)		
		856	
Ferry			
Increases for pay award, increments, NI and Superann rates.	97		
Agency staff, removal of 16/17 charge for temporary HR support	(25)		
Grounds Maintenance increase required for flat roof, windows & workshop	25		
Additional provision to carry out stabilisation works to the yard rock-face	175		
Shore Infrastructure Repairs and Maintenance increase for Slipway grouting	75		
Ferry Refit - preliminary works, long lead equipment and professional support for tender specification	50		
Uniforms and clothing reduction	(10)		
Toll Equipment refit costs	15		
New DMS and associated processes	10		
IT server software and instal of PC hardware upgraded for new office development	40		
Additional line rental costs for new telephone system re new office development	25		
Inflation for goods and services	38		
		515	
Change in Operational (Surplus)/Deficit			
			1,283
Other			
Interest payments on capital financing		150	
Contribution to CC MRP		54	
			204
			<u>1,487</u>

* Highlighted lines denote where variations are included in the written report

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

Capital Programme 2016/2017 to 2020/2021

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

CAPITAL PROGRAMME	Actual Payments to 2015/16 £'000	Estimated Payments 2016/17 £'000	Estimated Payments 2017/18 £'000	Estimated Payments 2018/19 £'000	Estimated Payments 2019/20 £'000	Estimated Payments 2020/21 £'000	Estimated Final Cost Total £'000
Completed Schemes							
Rendel Park	205	0	0	0	0	0	205
Ferry Infrastructure	3,890	0	0	0	0	0	3,890
Electronic Tolling	5,331	0	0	0	0	0	5,331
Advance Signing	116	0	0	0	0	0	116
Ferry Marshalling Area	22	0	0	0	0	0	22
Bridge Office Feasibility Study	9	0	0	0	0	0	9
Bridge Car Park	4	0	0	0	0	0	4
Bridge Anchorage Chambers	73	0	0	0	0	0	73
Ferry Car Park Improvements	21	0	0	0	0	0	21
Gantry Chain Tunnel Replacement	261	0	0	0	0	0	261
Rendel Park - Phase 2	154	0	0	0	0	0	154
Bridge Resurfacing Works - Phase 1	720	0	0	0	0	0	720
Illuminated Road Studs	600	0	0	0	0	0	600
Storage Building Devonport	54	0	0	0	0	0	54
Ferry Sewage Treatment Plant	250	0	0	0	0	0	250
Footpath 24 Reinstatement	29	0	0	0	0	0	29
Bridge Handstrands	14	0	0	0	0	0	14
Plaza Canopy Access Works	21	0	0	0	0	0	21
Rendel Park - Sea Wall Stabilisation	32	0	0	0	0	0	32
Current Programme							
Bridge Access Works	707	35	0	0	0	0	742
Bridge WIM	37	5	0	0	0	0	42
Bridge Protective Coating	1,212	1,225	1,330	800	0	0	4,567
Bridge Main Joint Replacement	250	0	0	0	0	0	250
Bridge Half Joint Replacement	0	0	0	0	0	0	0
Bridge Structural Monitoring System	0	0	100	0	0	0	100
Bridge Office Development	244	90	2,900	1,266	200	0	4,700
Bridge Kerb Units and Waterproofing	0	0	1,500	1,925	425	0	3,850
Awaiting Approval							
Suspension System Remedial Works	0	0	3,000	3,000	0	0	6,000
Future Programme (Not approved)							
Bridge Resurfacing Works - Phase 2	0	0	0	2,000	2,000	0	4,000
TOTAL CAPITAL PROGRAMME	14,256	1,355	8,830	8,991	2,625	0	36,057
FINANCING							
Prudential Borrowing	12,525	1,355	8,830	8,991	2,625	0	34,326
Capital Receipts	20	0	0	0	0	0	20
Revenue Financing	1,711	0	0	0	0	0	1,711
TOTAL FINANCING	14,256	1,355	8,830	8,991	2,625	0	36,057

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

**Statement of Estimated Reserves
for 2016/2017 to 2020/2021**

TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

RESERVES AND PROVISIONS	2016/17 Original Budget £'000	2016/17 Revised Forecast £' 000	2017/18 Budget £' 000	2018/19 Indicative £' 000	2019/20 Indicative £' 000	2020/21 Indicative £' 000
Balance brought forward	(2,845)	(3,923)	(4,641)	(3,872)	(2,489)	(443)
Net movement for year	(334)	(718)	769	1,383	2,046	2,058
Balance Carried Forward	(3,179)	(4,641)	(3,872)	(2,489)	(443)	1,615

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Cornwall Council

Report to: **Tamar Bridge and Torpoint Ferry Joint Committee**

Date: **24 November 2016**

Title: **Tamar Bridge Suspension System Remedial Work**

Portfolio Area **Cornwall Council: Transportation and Waste
Plymouth City Council: Transport**

Divisions Affected **all**

Relevant Scrutiny Committee: **Scrutiny Management Committee**

Relevant Portfolio Advisory Committee (Cabinet (executive) decisions):

Key Decision:	Y	Approval and clearance obtained:	Y
Urgent Decision:	Y	Date next steps can be taken: (e.g. referral on of recommendation or implementation of substantive decision)	Normally 10 calendar days after decision for Cabinet
Appropriate pre-decision notification given where an executive Decision?			N
Author:	David List	Role:	General Manager
Contact:	01752 812233 david.list@tamarcrossings.org.uk		

Recommendations:

1. the report be noted;
2. a new capital item for Tamar Bridge Suspension System Remedial Work is included in the proposed 2017/2018 Revenue Estimates and Capital Programme with a budget provision of £6.0 million;
3. an update report be brought to the next meeting.

Cornwall Council

1. Executive summary

- 1.1 This report sets out the issues identified with the Tamar Bridge suspension system through a series of special investigations and summarises the current position and preferred way forward.
- 1.2 Following a series of detailed inspections, it has been discovered that elements of the suspension system, referred to as cable band bolts and hanger bolts, have characteristics that are outside the acceptable specification range. With the exception of a small number of bolts that were replaced during the 1980s the vast majority of bolts are original items and now over 55 years old. The cable band bolts and hanger bolts are safety critical elements of the suspension system.
- 1.3 The bridge suspension system is fundamental to the function of the structure and the affected elements have limited redundancy. In order to reduce the risk of failure of one or more of these critical elements it is important that the defects are addressed as soon as possible.
- 1.4 Officers and consultants are in the process of finalising a technical solution for the remedial work but it is important to engage with a contractor at an early stage due to the very specialist nature of the scheme and high level access arrangements required to undertake the work. This early contractor engagement will lead the preferred procurement route.
- 1.5 It is recommended that a new capital item for the work is included in the proposed 2017/2018 Revenue Estimates and Capital Programme with a budget provision of £6.0 million.

2. Background

- 2.1 The Tamar Bridge suspension system is fundamental to the function of the structure as it supports the road deck, the two cantilever lanes and the stiffening truss. The suspension system comprises 2 no. main cables, 120 no. vertical hanger cables, hanger sockets and cable bands and 18 no. supplementary cables added during the strengthening and widening project in 1999-2001. Each cable clamp comprises either 6 no. or 8 no. cable band bolts and each vertical hanger comprises 4 no. high level and 4 no. deck level hanger bolts.
- 2.2 A small sample inspection of these critical elements (the cable band bolts and the hanger bolts) was undertaken in early 2014 in order to determine the overall condition of the bolts and to confirm their material properties.

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- 2.3 The results of this initial investigation and associated laboratory testing revealed some anomalies in the hardness values of the sampled bolts. As a result, it was decided that further limited in-situ hardness testing should be carried out on all of the areas of the south main cable that were readily accessible by mobile elevating work platforms.
- 2.4 The additional inspection and testing yielded similar unsatisfactory hardness results to the original limited sampling exercise and it was subsequently decided to extend the scope of the investigation to include full coverage of the structure meaning that every cable band bolt and hanger bolt would be tested.
- 2.5 Overall 1,310 no. bolts have been inspected and tested to date. There are a further 64 no. bolts that require inspection but due to different access arrangements they have not yet been checked. This will be completed in the near future. The results so far have established that approximately 20% of the bolts fall outside the acceptable specification range and will require replacement.
- 2.6 In addition to the bolts that fall outside of the specification range the inspection has also identified 6 no. cracked bolts. This type of defect was particularly unexpected and as a result additional investigation work is required. At present officers are making arrangements to remove one of the cracked bolts and replace it with a temporary new bolt. The cracked bolt will undergo forensic examination to determine the most likely cause of failure. This aspect of the investigation is currently ongoing and will be completed as soon as possible.
- 2.7 The access arrangements and temporary works requirements to undertake the bolt replacement scheme are complex and will be developed further taking into account the need to maintain traffic flow across the structure, ensuring the safety of users and member of the public and allowing the contractor to complete the works as efficiently as possible.
- 2.8 The outline temporary works requirements for the scheme have been determined according to the existing design, load capacities and safety factors of the structure. The safety factors in the design provide very limited redundancy of certain elements, and mean that each of the vertical hangers is necessary and it is not acceptable to remove one hanger or the associated bolts from the structure without making alternative provisions to carry load. As such the temporary works required at each hanger location will involve the installation of two additional temporary supports, one either side adjacent to the permanent hanger. The temporary supports will be used to relieve vertical load from the permanent hanger arrangement so that the permanent hanger and cable band bolts can be removed and

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replaced. Once the replacement bolts have been installed, a pre-determined load will be applied to each bolt and checked. Once complete the load can be transferred from the temporary supports to the permanent hanger and the temporary support arrangement uninstalled. This process will be repeated at every hanger requiring intervention.

2.9 Temporary access arrangements will be required at every permanent hanger location requiring intervention. The access arrangements will be designed in such a way as to protect members of the public, bridge staff and personnel involved in the works. The details of the preferred access arrangements are difficult to determine at this point because there are a number of significant variables to consider such as:

- work at differing heights/locations;
- size of access;
- weight of access;
- access installation/removal methods;
- multiple methods of access dependent on locations;
- construction of bespoke access platforms;
- installation of temporary full or partial catwalks.

2.10 The preferred competitive dialogue procurement route will enable officers to engage with an experienced contractor at an early stage and this will enable the most safe and efficient access arrangements to be developed according to the Clients requirements, existing site constraints, programme and contractor preferred methodology.

2.11 Officers and consultants will continue to develop the outstanding details of the scheme whilst in parallel, and as a matter of priority, establish the principles of the procurement route with Cornwall Council commercial services team.

2.12 It is essential that this scheme is undertaken as soon as possible and work is currently anticipated to commence in Spring 2017 to make the most of the favourable weather conditions. At this stage officers have estimated that the work may take 12-18 months. However, the programme will be refined once a contractor is appointed.

2.13 The preliminary results of the full testing exercise indicate that at the very least a selective bolt replacement scheme is required. However, the widespread distribution of the substandard bolts means that high level access and complex temporary works will be required at virtually all 120 no. hanger locations and it is therefore likely to be more efficient in the long run to undertake a total bolt replacement scheme from the outset.

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- 2.14 The costs associated with the scheme are significant and reflect the highly specialist nature of the scheme, complex access arrangements and significant temporary works requirements. Below is an estimate of the costs associated with the project.

Summary of estimated fixed costs

Some of the costs are considered fixed, regardless of the scale of the works, and these costs are unlikely to vary significantly regardless of whether 1 no. bolt is replaced or all 1374 no. are replaced.

Professional services - £400,000

Including - outline scheme development, procurement process support, pre-site planning and CDM 2015 support, design, analysis and checking and site supervision support.

Contractor services - £1,000,000

Including - project preliminaries, pre-site planning, health and safety documentation, surveys, detailed access design, detailed temporary works design, off-site fabrication work, mobilisation and demobilisation.

Summary of estimated variable costs

Some of the costs are variable and are generally associated with the works on site and will vary according to quantity, duration, site programme or scale of the works. Estimated minimum and maximum costs are set out below:

Item	est min	est max
Project management and site supervision	£50,000	£100,000
Traffic Management	£80,000	£160,000
Contractor site set up	£200,000	£500,000
Construction works	£735,000	£1,800,000
Weather delays	£75,000	£150,000
Sub total	£1,140,000	£2,710,000
Site contingency/risk allowance at 25%	£285,000	£677,500
Total	£1,425,000	£3,387,500

The total estimated fixed and variable costs produces an estimated budget range for the project of £2,825,000 - £4,787,500. At this stage, without the appointment of a suitable contractor to assist with the development of the scheme, the urgent nature of the project programme and the rigorous governance arrangements, it is considered prudent to make a budget provision of £6 million to facilitate the anticipated range of possible solutions.

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It is proposed that the item is funded by borrowing, and the associated revenue costs are incorporated in the proposed 2017/2018 Revenue Estimates and Capital Programme.

3. Outcomes/outputs

- 3.1 **Programme** - due to the critical nature of the works it is proposed to start the scheme on site in Spring 2017.
- 3.2 **Design Development** - consultants have developed the bolt replacement scheme as far as possible and without valuable input from an experienced contractor. It will be necessary to finalise the scope of works once a suitable contractor is appointed.
- 3.3 **Procurement** - the preferred procurement option will be through the Competitive Dialogue procedure (Regulation 30) and undertaken in accordance the New Public Contract Regulations 2015. This route should enable the appointment of a contractor by February 2017.

4. Options available and consideration of risk

The following options have been considered -

- 4.1 **Do nothing** – this option is not considered viable due to the safety critical nature of the suspension system. The risk of failure of these safety critical elements would remain high and that could compromise the provision of the crossing into the future.
- 4.2 **Undertake a partial bolt replacement** – while this is a viable option it is not the preferred option. Investigations have shown that approximately 20% of bolts do not comply with the relevant specification range. Implementing this option would mean that the risk of failure of the bolts that do not meet the required specification is mitigated. However, the remaining bolts will still be original items and over 55 years old. As these are considered hidden elements (i.e items that cannot be fully inspected without removal from the structure) some risk remains that bolt failures may occur in the future for other/age related reasons. In addition, discovering a number of cracked bolts, some of which are within the specification range, has introduced another dimension to the investigation and at this juncture it is too early to determine the cause of the cracking.
- 4.3 **Undertake full bolt replacement** – based on findings and assessment to date this is the preferred option as a full bolt

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replacement scheme will mitigate the risks specifically associated with these safety critical elements. The widespread distribution of the substandard bolts means that high level access and complex temporary works will be required at virtually all 120 no. hanger locations. As set out above, the high value elements of the project are the complex access arrangements and the temporary works required to temporarily relieve the load from each hanger cable while a bolt is replaced. This needs to be done regardless of whether one bolt or all bolts are being replaced.

5. Proposed Way Forward

It is recommended that a new capital item for the work is included in the proposed 2017/2018 Revenue Estimates and Capital Programme with a budget provision of £6.0 million.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	N	There are no legal implications arising directly from this report.
Financial	Y	<p>It is proposed that the item is funded by borrowing, and the associated revenue costs are incorporated in the proposed 2017/2018 Revenue Estimates and Capital Programme.</p> <p>Initial revenue funding of borrowing the £6m funding for the project is approximately £510,000 per annum. Costs will incrementally increase to this annual sum as the project progresses and then decrease over time as capital is repaid and interest liabilities reduce. Estimates and indicative forward budgets reflect programmed funding.</p>
Risk	N	
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	No issues identified.

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Safeguarding	N	No issues identified.
Information Management	N	No issues identified.
Community Safety, Crime and Disorder	N	No issues identified.
Health, Safety and Wellbeing	Y	The safe delivery of the service is critical. Key Performance Indicators (KPIs) monitor the level of accidents occurring on TBTF sites.
Other implications		No other implications identified.

Supporting Information

None

Background Papers:

None

Approval and clearance of report**All reports:**

Final report sign offs	This report has been cleared by OR not significant/not required	Date
Legal (if significant/required)	Simon Mansell	15.11.16
Finance Required for all reports	Leah Thomas, Interim Strategic Finance Manager	16.11.2016
Equality and Diversity	Not Required	

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Cabinet/individual decision reports:

Final report sign offs	This report has been cleared by	Date
Head of Service	David List	14/11/2016
Corporate Director		

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TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE

MINUTES of a Meeting of the Tamar Bridge and Torpoint Ferry Joint Committee held at Council Chamber, Saltash Town Council, Guildhall, Saltash PL12 6JX on Thursday 24 November 2016 Commencing at 10.30 am

Present:-

Cornwall Council Members

Bob Austin (Co-Chair)

Joe Ellison, Derek Holley and Mike Pearn MBE

Plymouth City Council Members

Martin Leaves (Co-Chair)

Mark Coker and George Wheeler

Apologies for absence: Brian Hobbs CC, Samantha Leaves PCC, Patrick Nicholson PCC and Bert Biscoe CC

DECLARATIONS OF INTEREST

(Agenda No. 2)

TBTF/16 There were no declarations of interest.

MINUTES OF THE MEETING HELD ON 9 SEPTEMBER 2016

(Agenda No. 3)

TBTF/17 It was moved by Councillor Wheeler, seconded by Councillor Holley, and

RESOLVED That the Minutes of the meeting of the Tamar Bridge and Torpoint Ferry Joint Committee held on 9 September 2016 were correctly recorded and that they be signed by the Chairman.

A Member requested that in future, if possible, the dates of the Tamar Bridge and Torpoint Ferry Joint Committee meetings co-ordinate with those of the Cabinet meetings of the constituent Authorities. It was agreed that the Democratic Officer would investigate and arrange if possible.

QUESTIONS FROM MEMBERS OF THE PUBLIC

(Agenda No. 4)

TBTF/18 There were no questions from members of the public.

2016/17 BUDGET MONITORING

(Agenda No. 5.1)

TBTF/19 (This was taken after Agenda No. 6 (Tamar Bridge Suspension System Remedial Work) and Agenda No. 7 (General Manager's Quarterly Report))

Consideration was given to the previously circulated report in respect of 2016/17 Budget Monitoring, presented by the Service Accountant, Cornwall Council, in which attention was drawn to a typographical error in the report: Average Level of Interest Paid should read: "Actual Interest Paid Qtr 2, 2016-17, £0.398m".

In response to comments and requests from a Member in respect of the format for the presentation of figures in the report, the Service Accountant, Cornwall Council, acknowledged the suggestion that this be made meaningful to all readers and to separate income for Tamar Bridge and Torpoint Ferry, and stated that the presentation reflected normal public sector practice.

Arising from consideration of the report, it was proposed by Councillor Pearn MBE, seconded by Councillor Ellison, and

RESOLVED That the revised revenue forecast and capital programme for 2016/17 be approved.

There followed a presentation in graph format for the Joint Committee's information of:

- (i) Previous position as at May 2016;
- (ii) Current position without the proposed additional capital expenditure included;
- (iii) Effect of increasing the Bridge Office Development budget;
- (iv) Effect of adding the Bridge Suspension System remedial work;
- (v) Combined effect of additional capital spend; and
- (vi) Revenue funding options for new capital expenditure.

2017/18 REVENUE ESTIMATES AND CAPITAL PROGRAMME

(Agenda No. 5.2)

TBTF/20 (This item was taken after Agenda No. 6 (Tamar Bridge Suspension System Remedial Work), Agenda No.7 (General Manager's Quarterly Report) and Agenda No. 5.1 (2016/17 Budget Monitoring))

Consideration was given to the previously circulated report in respect of 2017/18 Revenue Estimates and Capital Programme, presented by the Service Accountant, Cornwall Council.

In response to comments and questions from Joint Committee members, the General Manager, Tamar Bridge and Torpoint Ferry, and Business Manager, Tamar Bridge and Torpoint Ferry, confirmed that:

- (i) Bridge salary figures included revised distributions related to posts shared with Torpoint Ferry;
- (ii) In respect of staff pension liabilities, discussions were currently being held with the Pension Scheme administration in respect of the assessment of Tamar Bridge and Torpoint Ferry as a second tier body apparently on the grounds that it was unable to raise taxes;
- (iii) Although the resurfacing of the bridge deck was not an approved capital item, it had been included in the estimates. A separate report would be presented to the Joint Committee at a future meeting on this;
- (iv) Work was likely to begin in Spring 2018 in relation to raising tolls, assuming that a 12-month process was required.

Arising from consideration of the report and additional information, it was proposed by Councillor Martin Leaves, seconded by Councillor Wheeler, and

RESOLVED THAT IT BE RECOMMENDED TO THE CONSTITUENT AUTHORITIES

- 1. The proposed revenue budget for 2017/18, as set out in Appendix 1 to the report, be approved;
- 2. The proposed capital programme, as set out in Appendix 2 to the report, be approved; and
- 3. The longer term forecast to 2020/21 be noted.

The motion was carried with 1 abstention.

TAMAR BRIDGE SUSPENSION SYSTEM REMEDIAL WORK
(Agenda No. 6)

TBTF/21 (This item was taken before Agenda No. 7 (General Manager's Quarterly Report), Agenda No. 5.1 (2016/17 Budget Monitoring) and Agenda No. 5.2 (2017/18 Revenue Estimates))

Consideration was given to the previously circulated report in respect of the Tamar Bridge Suspension System Remedial Work, presented by the General Manager, Tamar Bridge and Torpoint Ferry.

In response to comments and questions from Joint Committee members, the General Manager, Tamar Bridge and Torpoint Ferry, and the Engineering Manager, Tamar Bridge and Torpoint Ferry, confirmed that:

- (i) It was possible that the defects in the bolts had been present when originally fitted;
- (ii) Hardness of the bolt material was tested using a device to measure impact and rebound;
- (iii) The replacement bolts would need to be custom made;

- (iv) The most significant issue was the over-hardness of the bolts, which could potentially result in brittleness and subsequent failure;
- (v) It appeared that the 6 cracked bolts were still taking some load;
- (vi) An analysis of one of the cracked bolts would be undertaken. This bolt would be replaced by a temporary bolt whilst testing took place;
- (vii) Testing the cracked bolt would provide valuable information to fully detail the existing problem and provide data for use in the future;
- (viii) It was not anticipated that defects in any other elements of the structure would be found when the bolts were removed;
- (ix) It would be necessary to start the work in the Spring to make the most of the better weather;
- (x) There was likely to be a limited supply market and it was proposed that a competitive dialogue be entered into with prospective contractors;
- (xi) Although the joint authorities had emergency reserves, it was unlikely that they would consider using them for this remedial work, as Tamar Bridge and Torpoint Ferry were expected to be self financing;
- (xii) This was considered to be the most urgent project at present;
- (xiii) The current governance arrangements did not permit any flexibility with the budget to address the matter.

The Chairman stated that the matter of the governance arrangements and the urgency of the matter had been raised with Cornwall Council's Leader, as there was a need for this to be addressed for the future.

Members expressed the opinion that the bolts should be replaced in full and that this should be carried out as soon as possible.

Arising from consideration of the report and additional information, it was proposed by Councillor Wheeler, seconded by Councillor Hobbs, and

RESOLVED That

1. The report be noted;
2. A new Capital item for Tamar Bridge Suspension System Remedial Work is included in the proposed 2017/18 Revenue Estimates and Capital Programme with a budget provision of £6.0 million;
3. An update report be brought to the next meeting.

GENERAL MANAGER'S QUARTERLY REPORT

(Agenda No. 7)

TBTF/22 (This item was taken after Agenda No.6 (Tamar Bridge Suspension System Remedial Work) and before Agenda No. 5.1 (2016/17 Budget Monitoring) and Agenda No. 5.2 (2017/18 Revenue Estimates and Capital Programme))

Consideration was given to the previously circulated report in respect of the General Manager's Quarterly Report, presented by the General Manager, Tamar Bridge and Torpoint Ferry.

In response to comments and questions from Joint Committee members, the General Manager, Tamar Bridge and Torpoint Ferry, the Business Manager, Tamar Bridge and Torpoint Ferry, and the Engineering Manager, Tamar Bridge and Torpoint Ferry confirmed that:

- (i) In respect of Torpoint Ferry Operations: LYNHER was the newest ferry; however, the electronics system was over 10 years old and some obsolescence had been identified;
- (ii) In respect of Tamar Bridge Operations: There had been an increase in cash traffic during the period.
The highways works being carried out at Carkeel had had no significant impact, as much of the work was carried out at night.
- (iii) In respect of Bridge Inspection and Maintenance: Some cracks had been identified on aluminium components of one of the maintenance gantries, and repairs to the motors and brakes needed to be undertaken;
- (iv) In respect of the Bridge Office Development: It was necessary to request an increase in the budget from £3.97million to £4.7million for this as following the tender process, the bid from the preferred contractor was outside the forecasted sum; delays with the project had resulted in 2%-3% increase due to general inflation and building sector inflation; there had been an open tender process and some expected tenderers had declined to submit a tender as the pool was too large and they had chosen to pursue other projects; and due to the reduction in the bid to the Heritage Lottery Fund, a greater share of the cost of the project had to be found.
It was considered that there was little merit in putting the project to tender again as it was unlikely to attract any more tenders, bids submitted were likely to be more expensive and it would cause further delay.
Whilst it was acknowledged to be a risk that more monies would be required before the project was completed, it was considered to be unlikely.
- (v) In respect of the bid to the Heritage Lottery Fund for the Learning Centre: Three successive bids had now been made and a positive outcome was hoped for from the Assessment Panel scheduled to take place in early December.
- (vi) In respect of Bridge Lighting: A consultant had been engaged and was due to visit on 10 December 16. The consultant had been asked to provide a range of options for lighting. An open dialogue would be maintained with the Clerk to the Saltash Town Council in respect of progress on this consultancy.
- (vii) In respect of the Tamar Crossings Travel Analysis Study: The Chairman's request for a full report to be brought to the next Joint Committee meeting was agreed.

- (viii) In respect of the 2017-2020 Business Plan: A Member's request that the Business Plan be brought to the Joint Committee in full at its meeting scheduled for 10 March 2017 was agreed.
- (ix) In respect of Staff: Following a Member's suggestion that the target set for staff sickness absences set out in Table 3, Appendix 2 to the report, may be too low, given that staff were working outside in all weather conditions, it was agreed that for the future, a long term target and a short term target be reported.
- (x) In respect of Journey Time Monitoring: Approval was currently being sought for the Bluetruth journey monitoring system to be extended into other locations around the Bridge and Ferry.
At the previous meeting, a Member had asked for information to be provided in respect of journey times on special event days. The British Firework Championships had been held on 16 and 17 August 2016 and the journey time statistics for the Bridge and the Ferry showed that there was very little impact on journey times.
- (xi) In respect of the Strategic Risk Register (Appendix 4 to the report):
The risk ranking of Risk Reference S1 (Economic Depression/Recession) had been changed to reflect the perceived risk in the post-Referendum economic environment. It was now considered that potentially there could be a reduction in traffic flow if the economy went into recession or depression, which would affect income levels.
- (xii) Attention was drawn to the Financial Implications set out in the report in Section 6. Implications, in which it was clarified that the initial revenue costs of approximately £62,300 per annum related to the first year.
- (xiii) In respect of the targets for Number of Complaints Received and Payment of Suppliers within 30 Days of Invoice as set out in Table 3, Appendix 2 to the report, a Member's concern that i) the target for number of complaints received was too onerous, particularly as social media made making a complaint very easy; and that ii) delays in payments to small suppliers could potentially impact negatively on their cash flow, were acknowledged and it was agreed that all of the Key Performance Indicators would be reviewed.

Arising from consideration of the report and additional information, it was proposed by Councillor Ellison, seconded by Councillor Wheeler, and

RESOLVED That

1. The report be noted;
2. The budget provision for the Bridge Office Development capital project be increased to £4.7million in the proposed 2017/18 Revenue Estimates and Capital Programme;
3. The draft 2017-2020 Business Plan be presented to the Tamar Bridge and Torpoint Ferry Joint Committee at its meeting scheduled to take place on 10 March 2017;

4. An update report be brought to the next meeting.

ANY BUSINESS THE CHAIRMAN CONSIDERS TO BE URGENT
(Agenda No. 8)

TBTF/23 There was no urgent business for consideration.

The meeting ended at 12.40 pm

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PLYMOUTH CITY COUNCIL

Subject: Changes to the Governance Arrangements of the Council
Committee: Council
Date: 30 January 2017
Cabinet Member: Councillor John Riley, Cabinet Member for Democracy and Governance
CMT Member: Giles Perritt, Assistant Chief Executive
Author: Ross Jago, Senior Panel and Partnership Advisor
Contact details: 01752 304469
Ref:
Key Decision: N/A
Part: I

Purpose of the report:

In June 2016 the constitutional review group was tasked to explore whether the Council should retain its current “strong leader” model of governance cabinet model or consider adopting the Committee system model of governance. These options were provided by legislation contained within the Localism Act 2011.

Following the local elections held on 5th May 2016, no Party or Group achieved an overall majority on Plymouth City Council. A working arrangement between the Conservative Group and the UKIP Group was agreed to enable Members to carry forward the business of the Council.

An early motion to Council to introduce a “committee system” of governance gained council approval. The proposals for a new system were to be based on the following design principles, which would ensure a proposed governance system which was -

- **Open and Transparent** in its decision making;
- **Accountable** to the public, a principle which is central to our improvement and performance management approach;
- **Responsive**, providing timely decision making for the 21st century;
- **Inclusive:** Establishing dispersed leadership and engaging all councillors appropriately;
- **Clear** about how the public, service users and other stakeholders can influence plans, policies and decisions before they are made;
- **Flexible** to the needs of the public, voluntary and private sector partnership working;
- **Best for Plymouth:** in the interests of the city and its people.

The Constitutional Review Group (CRG) were tasked with developing detailed proposals for the operation of the committee system, to be considered at the March 2017 full Council meeting, in advance of the May 2017 implementation date

This report summarises the work of the CRG and puts forward alternative proposals for consideration by Council. This report proposes that a number of these recommendations, specified below, are now approved.

The Corporate Plan 2016 - 19:

Proposals which result from the recommended action in this report will support *Caring Plymouth – Inclusive Communities* and *Confident Plymouth – Council decisions driven by citizen need*.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:

Officer costs in undertaking recommended actions will be met through existing resources.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

As part of developing proposals the potential social and community benefits will be considered.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? No

At this stage no adverse impact has been identified to any protected groups in undertaking recommended actions but this will need to be assessed as proposals are developed.

Recommendations and Reasons for recommended action:

That Council agrees -

1. to reaffirm the current model of governance (Cabinet strong leader model).
2. To direct the Constitutional Review Group to and bring back to Council in November a programme of work which:
 - Explores new forms of community engagement which develop new relationships with citizens and communities;
 - Extends beyond service provision to the overall welfare of an area, and;
 - Enables local ward members to take a lead role in ensuring that all resources available in the community are used for the good of its area.
 - Develops changes to the current system to increase the engagement of all councillors and allay the perception of increased disenfranchisement arising from current model of governance.
3. That forward planning arrangements be improved throughout the Council, to provide the Scrutiny function with the best and earliest opportunity possible to scrutinise the business to be considered by the Cabinet and Council and undertake effective pre-decision scrutiny.

Alternative options considered and rejected:

Maintenance of the status quo or change to a Committee System of Governance would not efficiently meet the above design principles outlined above.

Published work / information:

[Local Government Information Unit: Changing to a committee system in a new era \(2014\)](#)
[Local Government Association and Centre for Public Scrutiny: Rethinking Governance – Practical Steps for councils considering changes to their governance arrangements \(2014\)](#)
[Centre for Public Scrutiny: Musical Chairs – Practical issues for local authorities in moving to a committee system](#)
[Local Government Act 2000](#)
[Localism Act 2011](#)

Background papers:

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7
Review of the Governance Arrangements for Plymouth City Council (Project Brief)	X								

Sign off:

Fin	djn I 617. 60	Leg	DVS 2734 4	Mon Off	DVS 2734 4	HR		Assets		IT		Strat Proc	
Originating SMT Member – Giles Perritt, Assistant Chief Executive													
Has the Cabinet Member(s) agreed the content of the report? Yes													

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CHANGES TO THE GOVERNANCE ARRANGEMENTS OF THE COUNCIL

Council



I Context

- 1.1 In June 2016 the Constitutional Review Group (CRG) was tasked by Council to explore whether the Council should retain its current “strong leader” Cabinet model of governance or consider adopting a Committee system model of governance. These options were provided by legislation contained within the Localism Act 2011 (the 2011 Act).
- 1.2 The CRG were tasked with preparing proposals based on the following design principles - a governance system which would be:
- **Open and Transparent** in its decision making;
 - **Accountable** to the public, a principle which is central to our improvement and performance management approach;
 - **Responsive**, providing timely decision making for the 21st century;
 - **Inclusive**: Establishing dispersed leadership and engaging all councillors appropriately;
 - **Clear** about how the public, service users and other stakeholders can influence plans, policies and decisions before they are made;
 - **Flexible** to the needs of the public, voluntary and private sector partnership working;
 - **Best for Plymouth**: in the interests of the city and its people.
- 1.3 During the review process, particularly after visits to councils who had implemented a committee system, the Cabinet Strong Leader model was recognised as the most efficient method in terms of decision making. It also became evident that feelings of disengagement from the democratic process experienced by some councillors had resulted from ‘cultural’ rather than ‘procedural’ issues that could equally be addressed from within either governance model.
- 1.4 The CRG concluded that further work is required to explore the ways in which this governance model could be developed, rather than to recommend the adoption of a Committee system form of governance. Furthermore, members were concerned that, should a Committee system be adopted and later be found to be not fit for purpose, legislation provided reversion to the strong leader model could not take place within five years (unless a referendum was held) under the 2011 Act.
- 1.5 During the review members and officers identified and recommended some measures intended to facilitate the ‘cultural shift’ required to better enable all councillors to make an active and informed contribution to the business of the Council.
- 1.6 This report summarises the review methodology; feedback and key messages from stakeholders; evidence gathered from visits to two councils operating committee systems of governance; evidence from desktop reviews of other councils also operating committee of hybrid systems of governance and makes recommendations in light of these.

2 Methodology

- 2.1 The review was broken down into two phases -

- Define Phase – Where, through wide consultation and research a set of requirements for

a new system could be established in line with the principles set out by Council.

- Design Phase - Using the requirements to develop proposals for the new system, to be consulted on widely and presented to council in March 2017.

2.2 The result of the Define Phase has precluded the requirement to move to the Design Phase.

The Define Phase comprised:

- Development of a project brief and statement of work
- Desk top research including national publications and advice
- Developing an “as-is” map of democratic decision making bodies
- SWOT Analysis
- Communication Plan (for design phase)
- Stakeholder focus groups with Members, officers and partners
- Visits to Local Authorities who had implemented a committee system of governance.

2.3 Desktop research, which included analysis of a number of case studies, provided a useful overview of the reasons and expectations held by those local authorities actively considering, or already administering a Committee system.

2.4 Largely, the reasons stated for such a change included the belief that the Committee system was inherently more open and democratic, that existing scrutiny arrangements were ineffective, and that it was more inclusive of a greater number of Members. The expectations, therefore, in deciding to change to the Committee system were that the perceived weaknesses identified as resulting from the Leader and Cabinet model would automatically be addressed by moving to the Committee system.

2.5 There was little quantitative or qualitative evidence to support this supposition. In ‘Musical Chairs: Practical Issues for Local Authorities in moving to a committee system’ the Centre for Public Scrutiny¹ suggested that, rather than one or other governance model being ‘better’ than the alternative, it was the culture and behaviours prevailing within local authorities that had the most impact.

3 Stakeholder Feedback

3.1 The constitutional review group arranged 6 focus groups during the define phase. These groups included stakeholders from across the city public and private sector and the voluntary and community sector, officers from across the local authority and councillors.

Key messages from Councillors

3.2 It was commented that –

- It was the quality of the outcome which was important and we argue too much about the process.
- Councillors should have the opportunity to influence all decisions and a wide range of stakeholders should understand how they can influence decisions.
- Access to good expert advice was important along with robust evidence
- “Very good system at the moment, as it is open and transparent, all published and all subject to call in, it makes for fast and efficient decision making and serves the city well.”
- “You know the person responsible for a decision and you can always go and have a conversation about it”

¹ <http://www.cfps.org.uk/musicalchairs/>

- Scrutiny is good but can't always get members involved.
- It was difficult to instigate a decision and Councillors needed somebody to act as a guide through the maze of information. For example, how to get a traffic hump in a street etc.
- "People who are satisfied with the system are those who have been at the centre of it. Under the previous system, I knew a lot more about what was going on and I was able to tell my constituents. They find it unsatisfactory that I can't give them answers. I used to get answers."
- No-one is saying that the system is perfect, but it can be improved.

Key Messages from Officers

3.3 It was commented that, in so far as the proposals to introduce a committee based governance system-

- The requirement to make complex decisions at pace combined with the ability to keep commercially sensitive information in confidence could adversely impact the business of the council damaging the confidence of both commissioned providers and other commercial organisations when trading with the council.
- Current processes are robust and have been stress tested through a number of real life examples.
- Changes could have a detrimental effect upon delivering against growth targets agreed in the Plymouth Plan and financial targets set through transformation programme, if rapid and transparent decision making were required.
- References were made back to experience of the committee system operated by Plymouth City Council pre 2000 which was slow and clunky
- Overall decision planning could be improved and public and accountability enhanced through reintroduction of a published four-month forward plan.

Key messages from stakeholders

3.4 It was commented that –

- The current system provided clarity, everybody understands what they are making decisions on with a clear evidence base
- The current system enabled a strong vision to be expressed
- Scrutiny can be "pacey"
- Would be concerned that a committee system could be more resource intensive from an officer time perspective than the current Cabinet Strong Leader Model.
- A committee system could cause issues around a devolution bid (preventing a Leader from acting with authority in regional forums)
- Any system could work but the council would need to balance how resources were effectively engaged
- Some stakeholders expressed a desire to be more involved in decision making
- There would not be savings as a result of this change but it was likely to cost more

3.5 Members of the constitutional review group visited other local authorities. Two councils were identified as the most appropriate match to the essential criteria for a comparable authority to Plymouth City Council. Those being, they are both Unitary Authorities providing the same range of services to a similar size population and who had agreed to implement a committee system of governance.

Key messages from visits

3.6 • The driver for change to a committee system was cross party political support and was

hugely reliant on consensus politics across the council to make it work effectively.

- Delegated Decisions published through a “decision book” process in consultation with Lead Councillors.
- No scrutiny process as it is performed by the committees
- Policy Committee can make decisions on behalf of other committees
- No delegations to the Health and Wellbeing Board (standard duties)
- No improvement in public participation
- Minimum of a 2-week decision making process for property deals through committee
- Drivers for the change were political
- Politicians reticent about considering an executive model due to public opinion
- System works on consensus politics which requires significant senior management resources (briefings etc) to make work. Each committee meeting can have up to 7 pre-meets (approx 2 hours) to achieve consensus at committee
- Maintaining confidentiality is a problem.
- Health and Wellbeing Board has delegated powers
- There is a very active, politically aware population. The general public are social media “savvy”, as such committee meetings are generally well attended.
- Significant officer resource is drawn from the senior management team to support the committee system.

3.7 On exploring the matter further Members agreed that although the Committee system was inherently more ‘involving’ of a larger number of councillors, it would also be possible to improve councillors’ engagement by amending the operation of the strong Leader model.

4 Recommendations

4.1 That Council agrees -

1. to reaffirm the current model of governance (Cabinet strong leader model).
2. To direct the Constitutional Review Group to bring back to Council in November 2017 a programme of work which:
 - Explores new forms of community engagement which develop new relationships with citizens and communities;
 - Extends beyond service provision to the overall welfare of an area, and;
 - Enables local ward members to take a lead role in ensuring that all resources available in the community are used for the good of its area.
 - Develops changes to the current system to increase the engagement of all councillors and allay the perception of increased disenfranchisement arising from the current model of governance.
3. That forward planning arrangements be improved throughout the Council, to provide the Scrutiny function with the best and earliest opportunity possible to scrutinise the business to be considered by the Cabinet and Council and undertake effective pre-decision scrutiny.

Appendix One**SWOT – Cabinet and Leader Model**

Strengths <ul style="list-style-type: none"> • Clear decision makers • Faster decision making process Responsive / timely input to outside bodies Empowers non-executive Members via Scrutiny (if used effectively) • Better co-ordination of cross cutting issues Scrutiny agenda set by Members, and should be in response to community concerns • Task and Finish Groups can achieve positive influence – and hear from relevant third parties 	Weaknesses <ul style="list-style-type: none"> • Power is invested in a very few / everything of significance delegated to Cabinet • Lack of collaborative working Scheduling of Cabinet decisions can preclude prior Scrutiny • Reluctance of ruling party backbench Members to challenge Executive
Opportunities <ul style="list-style-type: none"> • Proactive decision making when dealing with outside bodies • Could make more of constitutional powers as they exist now • Extended forward plan timescales would enable more effective scrutiny of decisions 	Threats <ul style="list-style-type: none"> • Too much delegation (to Cabinet Members / Officers) leads to loss of transparency Negativity from backbench / Opposition Members arising from sense of exclusion • Scrutiny Committees undervalued – “talking shops”

SWOT - Committee Model

Strengths <ul style="list-style-type: none"> • More Councillors are involved. • In depth discussion and debate 	Weaknesses <ul style="list-style-type: none"> • Hard to identify decision makers (use of avoidance techniques, i.e. consistently referring ‘difficult’ matters back to Committee) • Although superficially transparent, decisions can be significantly influenced ‘behind closed doors’ • Policy / Resource Committee have veto – so Committees did not have absolute decision making powers
Opportunities <ul style="list-style-type: none"> • Members become ‘specialists’ in their areas • Further learning opportunities for new Members 	Threats <ul style="list-style-type: none"> • Can lead to silo working • Decision making slowed by Committee timetable • Limited options for proactive decision making in relation to outside bodies Chairman could stifle debate

PLYMOUTH CITY COUNCIL

Subject: Pay Policy Statement 2017/2018
Committee: City Council
Date: 30 January 2017
Cabinet Member: Cllr John Riley
CMT Member: Tracey Lee
Author: Alison Mills
Contact details: alison.mills@plymouth.gov.uk
Ref:
Key Decision: No
Part: I

Purpose of the report:

Under Section 38 and 39 of the Localism Act 2011, the Council is required to approve a statement on the remuneration of staff by 31 March each year, in respect of the following financial year.

The statement, which is prescribed in terms of content, sets out the Council's policies in respect of remuneration. There are no proposed changes to policies; the statement is simply a summary of the key provisions as required by the Localism Act. The Council is therefore not being asked to approve the policies, but simply approve the statement which sets out existing policies.

To address low pay, the Council introduced the principles of the Foundation Living Wage, by adding a discretionary, non-contractual market supplement in 2014. It is proposed to increase this top up from £8.25 to £8.45 from 1 April 2017.

Corporate Plan 2016-2020:

The Council's Pay Policy Statement is a statutory requirement, which supports the council's values.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

The medium term financial strategy includes the financial implications of this report. Adoption of the £8.45 per hour for Foundation Living Wage from 1 April 2017 will cost the council approximately £43,594 for corporate employees and this increase can be contained within the budget set aside for the pay award increase.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

None arising directly from this report.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken?

No, the scope of the Pay Policy Statement remains the same as for previous years.

Recommendations and Reasons for recommended action:

The City Council approves the Pay Policy Statement for 2017/18.

Alternative options considered and rejected:

None, this statement is a statutory requirement.

Published work / information:

Annual Statement of Accounts

<http://www.plymouth.gov.uk/sites/default/files/StatementOfAccounts20152016.pdf>

Localism Act 2011

<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

Background papers:

None

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

Sign off:

Fin	akh 1617 .58	Leg	lt/ 27026 /0117	Mon Off	lt/ 27026 /0117	HR	DA- HR 13.1.2 017	Asse ts	-	IT	-	Strat Proc	-
Originating SMT Member: Tracey Lee													
Has the Cabinet Member(s) agreed the content of the report?													

CITY COUNCIL

30 January 2017



1.0 BACKGROUND

1.1 Under Section 38(1) of the Localism Act 2011 the Council is required to prepare a Pay Policy Statement each financial year, approved by the City Council. The provisions of the Act do not apply to local authority schools.

1.2 Approved pay policy statements must be published on the Council's website as soon as reasonably practicable after being approved. The Act also requires that the Council includes in its pay policy statement its approach to the publication and access to information relating to the remuneration of chief officers. This is published within the annual statement of accounts.

In support of improvements in transparency, and mindful of additional requirements of the Local Government Transparency Code 2015, the Pay Policy Statement 2017/18 signposts the reader to a central point of information on the Plymouth City Council website for remuneration data.

1.3 Section 38(1) of the Act also requires the Council to set out its policy on remuneration for its highest paid staff alongside its policies towards its lowest paid employees. For the Pay Policy Statement for 2012/13, this relationship was at a ratio of 1:14. This ratio is 1:9.4 in 2017/18.

1.4 The policy statement must be approved by a resolution of City Council before it comes into force. Once in force it must be complied with, although it may be amended by Full Council during the financial year. It must always be published on the Council's website as soon as reasonably practicable after approval or amendment.

1.5 The following document sets out the proposed pay policy statement for Plymouth City Council in 2017/18.

1.6 There is pending legislation around exit arrangements which could affect Chief Officers of the Council. The impact will be considered during implementation and may require amendments to this Pay Policy Statement.

1.7 As part of the pay deal for 2016-18 for Local Government Services, the NJC agreed to conduct a review of the NJC pay spine, which will take into account the impact of the national living wage. The aim is that the review is concluded by 30 June 2017 and may affect this Pay Policy Statement.

PAY POLICY STATEMENT

2017 - 2018



1.0 CONTEXT

- 1.1 Plymouth City Council wishes to provide a transparent and fair approach to rewarding our employees through our pay, terms and conditions and benefits offered to our staff.
- 1.2 The Council is required to set out a Pay Policy Statement under sections 38 and 39 of the Localism Act 2011. The Act prescribes the information and format required for the Pay Policy Statement.
- 1.3 The statement must be approved by a resolution of the City Council before it comes into force for the relevant financial year. Amendments may be made by resolution of the Council during the financial year.
- 1.4 When approved by the Council, this policy statement will come into immediate effect for the 2017/18 financial year and will be subject to review again for 2018/19 in accordance with the relevant legislation prevailing at that time.
- 1.5 In our proposed People Strategy 2016-2020, our vision is to have a motivated, engaged and skilled workforce focussed on meeting the needs of the citizens of Plymouth.
- 1.6 As a broad principle, the Council adopts the terms and conditions of employment for Chief Officers that apply to NJC staff (Green Book) and the local variations as set out in the Plymouth Book.
- 1.7 Under the Council's Standing Orders and Constitution, we have set out a requirement for all posts to be fairly evaluated to determine their salary levels within our agreed structures. All staff must be appointed on merit, through fair, transparent and objective processes.
- 1.8 The Council's Chief Executive, as the Head of Paid Service, is responsible for ensuring the Council meets its duties for appointment on merit, the terms and conditions of employment, compliance with the Council's Standing Orders for the appointment and remuneration of staff and with the requirements set out in the Local Government and Housing Act 1989.
- 1.9 The Head of Paid Service (Chief Executive) is accountable to the Council for the discharge of her duties.
- 1.10 For the purposes of this Pay Policy Statement, all references to Chief Officer includes Deputy Chief Officers, as defined in the Localism Act. These are roles that report directly to a Chief Officer, apart from clerical and administrative posts. This definition includes posts on JNC for Chief Officers, NJC for Local Government Services' and NHS terms and conditions.

2.0 INFORMATION

- 2.1 The Council's Chief Officer Structure is set out within the Constitution of the Council and the Constitution is updated with any changes to statutory posts.
- 2.2 All statutory roles are designated within the Chief Officer structure.
- 2.3 Chief Officer grades and salary are determined using the Hay Evaluation criteria.
- 2.4 For the purposes of this Pay Policy Statement, the Council is required to define and set out the relationship and definition of the lowest paid employee (see 3.1). The Council's pay and grading structure is set out in Appendix One.

3.0 FAIR PAY

- 3.1 The lowest paid worker is defined as those on the lowest spinal column point of Grade A, which is the Council's lowest pay grade (excluding apprentices). From 1 April 2017, the remuneration of a Grade A (the lowest paid employee) is £15,014(excluding apprentices). To address low pay, the Council recognises the principles of the Foundation Living Wage, by adding a discretionary, non-contractual market supplement, topping up to £8.45 per hour from 1 April 2017 (2016/17 - £8.25 per hour). The FTE pay for the lowest paid worker is therefore £16,302 from 1 April 2017, based on our standard working week of 37 hours. This will uplift all employees on spinal points 6 to 12 (Appendix One) to a Foundation Living Wage rate.

This places a ratio between the lowest paid and highest paid employee at 1:9.4 from 1 April 2017, which is a significant reduction from 2012 when the ratio was 1:14.

- 3.2 The Council evaluates Chief Officer roles through a defined evaluation method (HAY) to ensure parity and consistency of evaluation within the Council's pay and grading structures.
- 3.3 Senior officer posts outside the Chief Officer Structure, but earning in excess of £50,000 are published as part of the Council's access to public information within the annual accounts.

4.0 CHIEF OFFICER PAY

- 4.1 This section sets out the Council's policy in relation to Chief Officer remuneration and benefits as set out in the Localism Act 2011.
- 4.2 Levels and elements of remuneration for each Chief Officer:
 - 4.2.1 Each Chief Officer will receive a basic salary as defined by the Council's pay and grading structures commensurate with their level of responsibilities.
 - 4.2.2 Each Chief Officer role will be graded using the Hay Job Evaluation methodology based on the published role profiles and organisational structures.
 - 4.2.3 Each Chief Officer will receive the same local terms and conditions of employment as set out in the Plymouth Book for NJC (Green Book) employees.
 - 4.2.4 Market supplements and additional payments for Chief Officers will be time limited to a maximum of two years from their commencement. The terms of additional

payments (not including relocation expenses) will be agreed by the Chief Officer Appointments Committee, including the application of Market Factor Supplements.

Extensions beyond two years will also require the approval from the Chief Officer Appointments Committee and will be reported as an exception to the Council's published Pay Policy Statement, in the Statement of Accounts.

4.3 Recruitment and remuneration on engagement of Chief Officers

4.3.1 Chief Officers will be remunerated at the evaluated grade for the role on commencement of service.

4.3.2 As required by law, the appointment and remuneration of Strategic Directors, Assistant Chief Executive and Assistant Directors is determined by the Council Members through the Chief Officer Appointments Committee, except where there is specific delegation otherwise through Council.

4.4 Increases and additions to remuneration for each Chief Officer

4.4.1 The Council will review each role profile and remuneration of Chief Officers prior to any recruitment or at the creation or substantive change to the existing role.

4.4.2 Increases to pay for Chief Officers on JNC for Chief Officers will occur through any national pay award.

4.4.3 Chief Officers are appointed on spot salaries. There is no spine point progression for Chief Officers on JNC for Chief Officers.

4.5 Performance-related pay (PRP) for Chief Officers

4.5.1 There is no performance-related pay or bonus scheme for Chief Officers. Chief Officers are subject to an annual performance review.

4.6 Chief Officer pay on termination of contract or end of office

4.6.1 Chief Officers will receive their contractual entitlement for termination payments. These entitlements are the same for NJC staff (Green Book). Where the Council is terminating the contract of employment, pay in-lieu of notice (PILON) or paid leave may be granted by the Assistant Director for Human Resources and Organisational Development.

4.6.2 Redundancy pay for Chief Officers is calculated at the statutory minimum.

4.6.3 Chief Officers may only be dismissed for reasons of redundancy or by the Chief Officer Dismissals Committee.

4.7 Benefits in Kind

4.7.1 Chief Officers do not receive any benefits in kind. Any benefits, gifts or hospitality must be properly authorised and recorded in accordance with the Officer's Code of Conduct.

4.8 Charges, fee and professional registrations

4.8.1 Professional fees and charges will be made on behalf of statutory officers and deputy statutory officers in respect of their requirement to be registered to practice with the relevant body.

4.9 Increases and enhancement to pension entitlement

4.9.1 The Council's Chief Officers are entitled to become members of the Local Government Pension Scheme (LGPS) or NHS Pension Scheme. Payments and entitlements are subject to LGPS Regulations or NHS Pension Scheme Regulations.

4.9.2 The Council does not enhance pensions or provide added-years to Chief Officers beyond their basic entitlements.

4.9.3 Pension strain costs are borne by the Authority on the redundancy of a Chief Officer in line with all other employees. The Council policy limits the maximum cost of redundancy and pension strain to a maximum of three times the annual salary for payback or complies with legislation at the time. Any situation likely to exceed this amount will be resolved by the Council's Chief Officer Appointments Committee at the point of dismissal.

4.10 Other amounts payable

The award of other payments with the Council's pay policies will be agreed with the Chief Officer Appointments Committee and reported in the Statement of Accounts.

4.11 Chief Officer Policies

4.11.1 Policies adopted for application to the NJC staff (Green Book) will apply to Chief Officers with the exception of matters related to non-executive functions of the Council in relation to Chief Officers such as appointment, investigations and disciplinary action, employment appeals and dismissal.

4.12 Terms and conditions

4.12.1 Chief Officer terms and conditions will mirror those for NJC staff (Green Book). No more or less favourable terms or treatment shall be afforded to Chief Officers in respect of terms and conditions of employment.

4.13 Superannuation (Employer's pension contribution)

4.13.1 The rate of superannuation contributions is determined by the Local Government Pension Scheme Regulations or NHS Pension Scheme.

4.13.2 Superannuation payments are made by the employer into the Local Government Pension Scheme (LGPS)/NHS Pension Scheme. The rate of contribution is defined by the LGPS and is applicable to all employees (including chief officers). The latest Local Government Pension Scheme Regulations 2014 were introduced from 1 April 2014. There will be 9 employee contribution bandings between 5.5% and 12.5%. The employer contribution for the NHS Pension Scheme is 14.3%.

4.14 Returning Officer Fees

- 4.14.1 The designation and duties of the Returning Officer and Electoral Registration Officer are independent of the Council. Officers undertaking these duties may claim for the appropriate allowance. The Council will designate the officer for these purposes.

5 STAFFING RESOURCES

- 5.1 The Council uses the following different staffing resources:
- a) Permanent staff on the establishment
 - b) Temporary fixed term contracts to fill posts on the establishment
 - c) Interims employed through service contracts to fill posts on the establishment
 - d) Interims where there is no established post. For example, where temporary specialist skills are needed to undertake a time limited complex project.

6 REMUNERATION OF INTERIM AND TEMPORARY STAFF

- 6.1 Where interim resources are determined to be required for a specific role within the Council, a procurement process is followed. Typically sourcing is carried out through the Managed Supplier arrangements provided by the Council's procured supplier, through UK Government Framework contracts tendered through OJEU processes, other OJEU compliant frameworks, or Council standard low value procurement processes. Procurement Officers are fully involved in these processes.
- 6.2 When interim staff are required, the costs of these are subject to competitive marketplace processes. HR/Procurement officers are fully involved and aware of all interim appointments in order to assure quality.

7 CHIEF OFFICER APPOINTMENTS COMMITTEE

- 7.1 The Chief Officer Appointments Committee has responsibility for the appointment and remuneration of Chief Officers except where there is specific delegation otherwise through Council. The Council will aim to pay for these services at a rate as close as possible to total employment costs of directly employed staff performing a comparable role, given prevailing market conditions.
- 7.2 Where the Chief Officer Appointments Committee makes a temporary or interim appointment to an established post, then the appointing person or body will have discretion to settle remuneration in line with current market factors.
- 7.3 For other posts where the Council requires an interim resource, which is not a Chief Officer, which may or may not be on the establishment, the Council will aim to pay for these services at a rate of pay as close as possible to total employment costs of directly employed staff performing a comparable role, given prevailing market conditions. However, the appointing person will have discretion to settle salary or fees in line with current market factors. Any such arrangements require authorisation from the Head of Paid Service, Assistant Director for HR and Organisational Development and Assistant Director for Finance.

8 CONTRACT FOR SERVICES

- 8.1 On occasion it will be more appropriate to engage interim staff through the use of a contract for services. Unlike staff employed under contracts of employment, the relevant guidance from the Department for Communities and Local Government does not require such appointments to be approved by Council. However, where such posts are classified as Chief Officers for pay policy purposes, those posts should appear in the Statement of Accounts. To ensure that the Council is open and transparent it is proposed to provide details of any such contract where the daily rate equivalent paid by the Council to the contractor (and excluding procurement costs) exceeds £500 per day for duration of more than three months.

9 PUBLICATION

- 9.1 Upon approval by the Council, this statement will be published on the Council's Website and will also be available in additional formats by request.
- 9.2 Chief Officer remuneration (actual payments) will be reported in the Council's Annual Statement of Accounts.
- 9.3 Payments in respect of the use of interim management services are also available in the Annual Statement of Accounts where the daily rate equivalent paid by the Council exceeds £500 per day for more than a period of three months. These payments include all agency fees, and exclude VAT.
- 9.4 In addition, for employees where the full time equivalent salary is £50,000 or more, excluding employer superannuation contributions, the Council's Annual Statement of Accounts will include the number of employees in bands of £5,000.
- 9.5 The Annual Statement of Accounts can be found here:
<http://www.plymouth.gov.uk/sites/default/files/StatementOfAccounts20152016.pdf>

APPENDIX ONE

PAY AND GRADING SCALE

2017/18

Human Resources and Organisational Development

Grade	SCP	FT Salary	Hourly Rate	Living Wage
Grade A	6	£15,014	£7.7821	Living Wage
	7	£15,115	£7.8345	Living Wage
	8	£15,246	£7.9024	Living Wage
Grade B	9	£15,375	£7.9693	Living Wage
	10	£15,613	£8.0926	Living Wage
	11	£15,807	£8.1932	Living Wage
	12	£16,123	£8.3570	Living Wage
	13	£16,491	£8.5477	
Grade C	14	£16,781	£8.6980	
	15	£17,072	£8.8489	
	16	£17,419	£9.0287	
	17	£17,772	£9.2117	
	18	£18,070	£9.3661	
Grade D	19	£18,746	£9.7165	
	20	£19,430	£10.0711	
	21	£20,138	£10.4380	
	22	£20,661	£10.7091	
	23	£21,268	£11.0237	
Grade E	24	£21,962	£11.3835	
	25	£22,658	£11.7442	
	26	£23,398	£12.1278	
	27	£24,174	£12.5300	
Grade F	28	£24,964	£12.9395	
	29	£25,951	£13.4511	
	30	£26,822	£13.9025	
	31	£27,668	£14.3410	
Grade G	32	£28,485	£14.7645	
	33	£29,323	£15.1989	

Grade	SCP	FT Salary	Hourly Rate
Grade G	34	£30,153	£15.6291
	35	£30,785	£15.9566
Grade H	36	£31,601	£16.3796
	37	£32,486	£16.8383
	38	£33,437	£17.3312
	39	£34,538	£17.9019
	40	£35,444	£18.3715
Grade I	41	£36,379	£18.8562
	42	£37,306	£19.3366
	43	£38,237	£19.8192
	44	£39,177	£20.3064
	45	£40,057	£20.7626
	46	£41,025	£21.2643
Grade J	47	£41,967	£21.7526
	48	£42,899	£22.2356
	49	£43,821	£22.7135
	50	£44,741	£23.1904
	51	£45,675	£23.6745
	52	£46,614	£24.1612
Grade K	53	£47,570	£24.6567
	54	£48,512	£25.1450
	55	£49,437	£25.6245
	56	£50,468	£26.1588
	57	£51,396	£26.6399
Grade L	58	£52,333	£27.1255
	59	£53,262	£27.6070
	60	£54,192	£28.0891
	61	£55,118	£28.5691
	62	£56,053	£29.0537

PLYMOUTH CITY COUNCIL

Subject: Decision to Opt in to the National Scheme for Auditor Appointments with PSAA as the “appointing Person”
Committee: Council
Date: 30 January 2017
Cabinet Member: Councillor Darcy
CMT Member: Andrew Hardingham
Author: Andrew Hardingham – AD Finance
Contact details Tel: 01752 312560
email: andrew.hardingham@plymouth.gov.uk

Ref:

Key Decision: Yes/No

Part: I

Purpose of the report:

This report sets out the proposals for appointing the external auditor to the Council for the 2018/19 accounts and beyond, as the current arrangements only cover up to and including 2017/18 audits. The auditors are currently working under a contract originally let by the Audit Commission and the contract was novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission.

The Corporate Plan 2016/19:

External Audit provide a key resource to ensure the Council is correctly accounting for its limited resources to and commenting on the use of these resources to ensure the Council provides value for money, maximising the benefit to the residents of Plymouth.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

Financial Implications

There is a risk that current external fees levels could increase when the current contracts end in 2018.

Opting-in to a national scheme provides maximum opportunity to ensure fees are as low as possible, whilst ensuring the quality of audit is maintained by entering in to a large scale collective procurement arrangement.

If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees for 2018/19.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

Legal implications

Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Council is a local Council operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Council under those arrangements;

Section 12 makes provision for the failure to appoint a local auditor: the Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council/Authority.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

Risk Management

The principal risks are that the Council fails to appoint an auditor in accordance with the new frameworks or does not achieve value for money in the appointment process. These risks are considered best mitigated by opting in to the sector led approach through PSAA.

Equality and Diversity:

Not applicable

Recommendations and Reasons for recommended action:

1. The Council accepts Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2018.
 2. Delegate to the Monitoring Officer and the S151 Officer to make the necessary arrangements with the PSAA
-

Alternative Options considered and rejected:

If the Council did not opt in there would be a need to establish an independent auditor panel. In order to make a stand-alone appointment the auditor panel would need to be set up by the Council itself. The members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which audit firm to award a contract for the Council/Authority's external audit.

Alternatively the Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

Neither of these options are recommended. Both these options would be more resource-intensive processes to implement and without the bulk buying power of the sector led procurement, would be

likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process.

Published work / information:

Background papers:

[illegible]

Sign off:

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Originating SMT Member Andrew Hardingham													
Has the Cabinet Member(s) agreed the content of the report? Yes													

Purpose of Report and Summary Points

This report sets out the proposals for appointing the external auditor to the Council for the 2018/19 accounts and beyond, as the current arrangements only cover up to and including 2017/18 audits. The auditors are currently working under a contract originally let by the Audit Commission and the contract was novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission.

A sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than any procurement undertaken locally. More specifically:

- The audit costs are likely to be lower than if the Council sought to appoint locally, as national large-scale contracts are expected to drive keener prices from the audit firms;
- Without the national appointment, the Council would need to establish a separate independent auditor panel, which could be difficult, costly and time-consuming;
- PSAA can ensure the appointed auditor meets and maintains the required quality standards and can manage any potential conflicts of interest much more easily than the Council/Authority;
- Supporting the sector-led body will help to ensure there is a vibrant public audit market for the benefit of the whole sector and this Council going forward into the medium and long term.

To take advantage of the national scheme for appointing auditors to be operated by PSAA for the subsequent years, it requires the decision to be made by Full Council at this meeting to enable it meet the deadline for acceptance of the invitation by early March 2017.

Background

The Local Audit and Accountability Act 2014 (the Act) brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.

The Act also set out the arrangements for the appointment of auditors for subsequent years, with the opportunity for authorities to make their own decisions about how and by whom their auditors are appointed. Regulations made under the Act allow authorities to 'opt in' for their auditor to be appointed by an 'appointing person'.

In July 2016 PSAA were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission under powers delegated by the Secretary of State. PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA

PSAA is inviting the Council to opt in, along with all other authorities, so that PSAA can enter into a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's external auditor.

The principal benefits from such an approach are as follows:

- PSAA will ensure the appointment of a suitably qualified and registered auditor and expects to be able to manage the appointments to allow for appropriate groupings and clusters of audits where bodies work together;

- PSAA will monitor contract delivery and ensure compliance with contractual, audit quality and independence requirements;
- Any auditor conflicts at individual authorities would be managed by PSAA who would have a number of contracted firms to call upon;
- It is expected that the large-scale contracts procured through PSAA will bring economies of scale and attract keener prices from the market than a smaller scale competition;
- The overall procurement costs would be lower than an in-house appointment;
- The overhead costs for managing the contracts will be minimised through a smaller number of large contracts across the sector;
- There will be no need for the Council to establish alternative appointment processes locally, including the need to set up and manage an 'auditor panel', see below;
- The new regime provides both the perception and reality of independent auditor appointment through a collective approach; and
- A sustainable market for audit provision in the sector will be easier to ensure for the future.

The Council's current external auditor is BDO, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract was novated to PSAA, and since this date PSAA has demonstrated its capability in terms of auditor appointment, contract management, and monitoring audit quality. Over recent years authorities have benefited from a reduction in fees in the order of 55% compared with fees in 2012. This has been the result of a combination of factors including new contracts negotiated nationally with the audit firms and savings from closure of the Audit Commission. The Council's current external audit fees are in the region of £180,000 per annum.

The proposed fees for the subsequent years cannot be known until the procurement process has been completed, as the costs will depend on proposals from the audit firms.

The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all audit firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council.

Currently, there are only nine providers that are eligible to audit local authorities and other relevant bodies; all of these being firms with a national presence. This means that a local procurement exercise, as described immediately below, would seek tenders from these same firms, subject to the need to manage any local independence issues. Local firms could not be invited to bid.

The invitation

PSAA has now formally invited this Council to opt in. Details relating to PSAA's invitation are provided in an Appendix I to this Report. In summary the national opt-in scheme provides the following:

- The appointment of a suitably qualified audit firm for each of the five financial years commencing 1 April 2018;
- Appointing the same auditor to other opted in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA will seek views from the sector to help inform its detailed procurement strategy;

- Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise;
- Minimising the scheme management costs and returning any surpluses to scheme members;
- Consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity and audit risk; and
- Ongoing contract and performance management of the contracts once these have been let.

The way forward

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of Full Council. The Council then needs to formally respond to PSAA's invitation in the form specified by PSAA by early March.

PSAA will commence the formal procurement process after this date. It expects to award contracts in summer 2017 and consult with authorities on the appointment of auditors so that it can make an appointment by the statutory deadline of December 2017.

27 October 2016

Email: appointingperson@psaa.co.uk

Tracey Lee
Plymouth City Council
Civic Centre
Plymouth Devon PL1 2AA

Copied to: Andrew Hardingham, s151 officer, Plymouth City Council
David Shepperd, Head of Legal Services, Plymouth City Council

Dear Ms Lee

Invitation to opt into the national scheme for auditor appointments

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at appointingperson@psaa.co.uk.

Yours sincerely



Jon Hayes, Chief Officer

Appointing an external auditor

Information on the national scheme

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

The national scheme for appointing local auditors

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

What the appointing person scheme will offer

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

High quality audits

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

Procurement strategy

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.

Auditor appointments and independence

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

Fee scales

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

Timetable

In summary, we expect the timetable for the new arrangements to be:

- | | |
|---|-------------------------|
| • Invitation to opt in issued | 27 October 2016 |
| • Closing date for receipt of notices to opt in | 9 March 2017 |
| • Contract notice published | 20 February 2017 |
| • Award audit contracts | By end of June 2017 |
| • Consult on and make auditor appointments | By end of December 2017 |
| • Consult on and publish scale fees | By end of March 2018 |

Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: appointingperson@psaa.co.uk.

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.

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